



U.S. Department of State FY 2000 Country Commercial Guide: Jamaica

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CHAPTER I: EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Jamaica's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the

U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. Government agencies.

Jamaica is the largest English-speaking island in the Caribbean (area - 4,411 sq. miles), with a small but diversified economy and natural resources. Jamaica's nominal GDP for 1998 was USD 6.3 billion. Although the island's small population (2.5 million) and low per capita income of roughly USD 2,468 (nominal figures) limit investment for the domestic market, it may offer potential for export-oriented activities. One of the oldest democracies in the hemisphere, in December 1997, Jamaica successfully concluded nationwide elections restoring the incumbent government (People's National Party) under P. J. Patterson to a historic third term. In the wake of the elections, a number of cabinet positions were merged, altered or created, shifting responsibilities for business and related sectors.

Exporters may find good opportunities in Jamaica's tourism sector, the bauxite/alumina industry, agribusiness and data entry. There is a future potential in the telecommunications sector, but it is currently restricted under a monopoly agreement between the government and Cable and Wireless of Jamaica Limited ending in 2013.

However, there may be some telecommunications services which are not subject to the current agreement and would therefore be a possible consideration for investment. Given the importance of Jamaica's environment to the economy, there may also be opportunities in the area of environmental and ecotourist technology.

The principal barriers for exporting to Jamaica are occasional foreign exchange shortages, poor internal transportation infrastructure, high interest rates, high tariffs for certain agricultural produce, and declining real incomes for the majority of the population. In 1998, rehabilitation of the financial sector, continued troubles in the garment sector, adverse weather conditions which undermined the agricultural sector (sugar, bananas and coffee are major exports) and depressed commodity prices have deprived the country of domestic sources of investment and contributed to the growing public debt (62 percent of the national budget is devoted to debt service). The major source of revenue is taxes: 38 percent from income tax, 31 percent value added tax (the General Consumption Tax ("GCT", is 15 percent on most items) with the rest from customs duties (10 percent) and other sources. In the current crunch, the government is pursuing more stringent measures to ensure tax compliance and has increased tax on some items such as gasoline, cigarettes, special consumption tax on certain alcoholic beverages,

departure taxes, and processing fees for documents issued by the customs authority.

The Jamaican government welcomes foreign investment and offers a variety of incentives for investments that facilitate foreign exchange earnings and savings, offer employment opportunities for Jamaican labor, contribute to local infrastructure, or use local raw materials. There are a number of other attractions for investors including low wage rates, proximity to the U.S. market, and preferential market access to the U.S. (through the Caribbean Basin Initiative - CBI), Canada (CARIBCAN), Europe (Lome Convention, until year 2000), and the countries of the Caribbean Common Market (CARICOM).

The U.S. continues to be Jamaica's primary trading partner. Despite a drop in total imports in 1998, merchandise imports to Jamaica from the U.S. increased by 1.2 percent to USD 1.52 billion. This represents 50.8 percent of Jamaica's total imports of USD 2.99 billion (up from 48 percent in 1997). The U.S. has been Jamaica's principal export market over the last two decades. Major U.S. imports from Jamaica in 1998 were bauxite and alumina (USD 150.6 million), food (USD 232.4 million), and garments under the 807 and Cut, Made and Trim (CMT) provisions of U.S. law (USD 411.3 million).

In 1998, tourism continued to be the main pillar of the economy, with about two-thirds of all tourists coming from the U.S. Significant new projects under development in 1999 include the Ritz-Carlton, a major hotel complex (430 rooms) in the Montego Bay resort area scheduled to open during the winter season (Dec'99 - April '00), Hedonism III - Runaway Bay (225 rooms) scheduled to open in September, and FDR Cabins in Trelawny (96 rooms) scheduled to open in December.

Although still economically important, garment exports are a declining industry, a result of high costs (among them security concerns), and trade diversion (in part due to NAFTA), as well as overall economic decline. Since 1996, textile factories have continued to close, costing both revenue and thousands of jobs, despite a government initiative to assist the industry. Among the U.S. firms which closed were Jogtogs (1997), Hanes (April 1998), a subsidiary of Sara Lee, and Oneita Strathleven (May 1999).

Since the end of 1995, restoring the ailing financial sector (which has suffered from the failure or retrenchment of many of the island's major banks and insurance companies) has become a necessary preoccupation for the government. (See Chapter VIII: Trade and Project Financing under "The Banking System"). In January 1997 the government created a government agency, the Financial Sector Adjustment Company (FINSAC), with a projected seven-year life span,

whose sole purpose is to provide funding and reorganization assistance to restore the sector. In 1997, the Jamaican government passed a number of laws tightening controls over the activities of banks, insurance companies and other financial institutions and, for the first time, providing for deposit insurance. The cost thus far for intervention, has been approximately USD 2.3 billion. Although FINSAC plans to dispose of most of the assets acquired through intervention in the next few years, the market value of the assets is expected to be less than half of the cost of acquisition.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's (NTDB) CD-ROM or via the INTERNET. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at [HTTP://WWW.STAT-USA.GOV](http://WWW.STAT-USA.GOV) and [HTTP://WWW.STATE.GOV/](http://WWW.STATE.GOV/), and [HTTP://WWW.MAC.DOC.GOV](http://WWW.MAC.DOC.GOV). They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD(E) or by fax at (202) 482-4473.

CHAPTER II: ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook

In 1998, estimates of the Gross Domestic Product (GDP) valued in 1986 prices indicate a 0.7 percent contraction of the economy, to USD 6.3 billion. This is the third consecutive contraction in overall economic activity: in 1996 GDP declined 1.4 percent followed by 2.1 percent in 1997.

The reduction in aggregate demand and output is attributed to the government's continued tight macro economic policies to correct the hyperinflation of the late '80s and early 1990's. In part these policies have succeeded in their objectives. The government has reduced inflation from 25 percent in 1995 to 7.9 percent in 1998. Through periodic central bank intervention in the market, the government has also prevented any abrupt drop in the exchange rate. The Jamaican dollar declined from an average of 35.58 in 1997 to 36.68 to the U.S. dollar in 1998. However, it should be noted that in the first half of 1999 the exchange rate has been slipping, resulting in an average exchange rate of JDOLS 39.0 to USD 1.00 in July 1999.

However, the government's tight monetary policies (including high interest rates), as well as the high cost of debt servicing and loss of confidence in the failing financial sector have created a difficult climate for business, resulting in downsizing/mergers and bankruptcies, along with a corresponding increase in unemployment and underemployment. These factors, combined with strong competition from imports, some trade diversion attributed by Jamaicans to the impact of NAFTA, industrial unrest and reduced commodity prices have adversely affected both productive investment and development activities, reducing Jamaica's competitiveness in the world market. These conditions contributed to the contraction of Jamaica's economy which continued during 1998.

Sectors that showed major declines in 1998 were: financing and insurance services (by 1.4 percent), agriculture (0.3 percent), construction (5.7 percent), and manufacturing (4.2 percent). The few major sectors that expanded during the year include mining (2.6 percent), electricity and water (6.4 percent), transport, storage and communications sector (5.6 percent); and the miscellaneous services sector - hotels, and other services (1.4).

As noted, the economic recession has continued into the first half of 1999. Tourism, and certain service sectors such as electricity and telecommunications are expected to show modest growth, but most other sectors are continuing to experience difficulties. The GOJ continues to encourage a more open economy by divestment of publicly owned companies (now including some financial companies and real estate acquired from financial sector restructuring) and through slightly lower interest rates. The government is continuing its efforts to raise new sovereign debt in the international financial market in order to meet its U.S. dollar debt obligations and to help fund the current budget deficit.

The GOJ hopes to encourage economic activity during 1999 through a combination of divestment, financial sector restructuring, lowering of interest rates, and boosting tourism and related productive activities. However, the path to recovery will depend upon external developments in the international markets and the government's ability to restore confidence that has been severely undermined by the recent economic challenges and by social unrest.

Principal Growth Sectors

Since 1983, tourism has been Jamaica's primary foreign exchange earner. Total visitor arrivals have remained well over one million annually. For calendar year 1998, gross earnings amounted to USD 1.2 billion. Stopover visitors (visitors staying one night or more)

average 64.5 percent of total arrivals, two-thirds of whom come from the U.S. Total room capacity (hotel, apartments, guest houses, and villas) on the island is 22,715 and is expanding. Another 1,131 rooms are scheduled for completion between 1999 and 2000.

Plans continue for development of the historic Port Royal area, near Kingston, as a tourist site. The luxury Ritz-Carlton chain in Montego Bay is scheduled for completion this winter season (Dec '99 - Apr '00). The two largest Jamaican based hotel chains are Sandals and SuperClubs, which have investments throughout the Caribbean (including Cuba). Major projects underway in 1999 include Hedonism III hotel (SuperClubs) at Runaway Bay, FDR Cabins, and Sea Spa Resort.

Jamaica has large commercial deposits of mineral resources such as limestone (two-thirds of the island), bauxite, gypsum, marble, silica sand and clays. At present, mining and processing of bauxite comprise more than 90 percent of all mining activity. Next to tourism, the bauxite/alumina industry is the second pillar of the economy, constituting about 10 percent of real GDP, employing about 5,000 people (the island's highest paid sector), and earning approximately USD 333 million through levies, royalties and local expenditures. In 1998, the bauxite and alumina industry recorded its highest level of production in over a decade (12.6 million tons), however, this has been offset by high costs of production and diseconomies of scale in the world market. In response to this concern a stable industrial relations climate was encouraged by a process of tripartite consultations involving the government, trade unions and bauxite companies to develop the sector, enhance international competitiveness and create a mutually beneficial basis for growth and investment.

The Jamaican bauxite industry suffered a setback recently due to an explosion at the Gramercy refinery in Louisiana. Kaiser Jamaica Bauxite Company (KJBC) exports two thirds of its production bauxite from a mine near Jamaica's north coast to the Gramercy plant. This accident will most likely result in a major reduction in bauxite production at KJBC for at least the rest of 1999. The scale of the operations will be affected as well as the workforce (USD 6 million), revenues to the government (USD 15 million) and foreign exchange earnings from the sector.

During the early part of 1999 an agreement on the construction of a major lime processing facility was finalized. This project, a joint venture between a United Kingdom company and a local entity is expected to generate investment amounting to JDOLS 876 million.

The agricultural sector generates 7 - 8 percent of GDP and employs over one quarter of Jamaica's employed work force. Jamaica has a favorable climate and varied soil types. Major traditional export crops are sugar, spices, bananas, coffee, citrus, allspice, and pimento. Other crops of growing importance include yams, tropical fruits and vegetables, legumes, and horticulture. Over the last few years the agricultural production and earnings have declined due to lower international prices, adverse weather conditions and concerns over banana exports to Europe on preferential terms under the Lome convention.

Government Role in the Economy

In May 1999, the GOJ presented its FY1999/2000 budget and outlined the following economic targets:

- GDP real growth of 2 percent;
- maintaining exchange rate stability;
- holding the inflation rate to single digits;
- increasing net international reserves;
- gradual reduction in interest rates and improved current account position;
- commitment to return the fiscal deficit to a surplus by FY 2001/02; and
- continued provision of concessionary loans through Ex-Im bank to the productive sector.

The government expects to increase revenue to cover the current fiscal deficit through a combination of measures including: improved tax compliance; tax increases on certain items such as gasoline, cigarettes, certain spirits, lotto, departure tax, and processing fees in the customs department; and internal and external borrowing. The government plans to borrow JDOLS 68.2 billion to balance the budget. Of this, 26.3 percent of the funds are to be obtained through external loans, including institutional project loans (multilateral and bilateral, amounting to JDOLS 2.6 billion), and from international capital markets (JDOLS 15.4 billion). The balance of JDOLS 50.2 billion will be raised from the domestic market through local registered stock (JDOLS 40 billion) and other (JDOLS 10.2 billion).

Debt service will account for JDOLS 98.9 billion or 62 percent of government budget. At the end of March 1999, total public debt including guaranteed external debt stood at JDOLS 263.4 billion. Although the overall level of Jamaica's debt is within the internationally accepted range, recent growth in the stock of domestic debt is unsustainable. Domestic debt amounted to JDOLS 139

billion or 53.1 percent of total outstanding debt. The Minister of Finance has outlined medium term strategies to manage the debt problem which include: renegotiating and refinancing domestic debt; lowering interest rates; reducing the volume of outstanding treasury bills from the present levels of JDOLS 11 billion to JDOLS 6 -7 billion; and introducing new debt instruments that are more closely tailored to the needs of different segments of the local market.

The government's 15-year National Industrial Policy (NIP) initiated in 1995 to achieve economic stabilization in five strategic industry clusters, has achieved little success, in part, due to the domestic financial crisis and to the adverse consequences of external shocks. Fiscal consolidation and continued efforts to restructure the financial sector remain central factors to economic recovery.

Balance of Payments Situation

In 1998, Jamaica's balance of payments (BOP) improved by a USD 41.5 million, raising net international reserves to USD 582 million. This improvement was due to a fall in import expenditure (arising from a drop in oil prices and a reduction in the number of motor vehicles imported due to a change in regulations prohibiting entry of vehicles over three years old), a reduction of USD 91.6 million in outflow of investment income (primarily due to lower repatriation of profits from bauxite/alumina sector), and improvement in the capital and financial account (USD 364.3 million) as a result of greater stability in the foreign exchange market. Notwithstanding the improvements in the balance of payments account during 1998, the fundamental issues of export competitiveness, diversification and growth remain important challenges to the medium term viability of the balance of payments.

Infrastructure Situation

Jamaica has over 9,000 miles of primary and secondary roads but most of these are in need of repair. Construction of the North Coast highway is under way to link the major coastal tourist areas. In 1998, the two major airports were upgraded under the Airport Reform and Improvement program. The government recently signed an agreement with Rail India Technical and Economic Services Ltd (RITES), an agency of the government of India, to rehabilitate Jamaica's railways. There are occasional power shortages and blackouts, with some fluctuations in power voltage (110v). The water/sewage system is antiquated and in need of repair and expansion.

Transportation: There are two world class international sea ports - Port of Kingston and Port of Montego Bay - servicing approximately 44 international shipping lines. Smaller, specialized ports are used by the bauxite/alumina industry and for agricultural exports. Norman Manley International Airport in Kingston and Sangster International Airport (SIA) in Montego Bay are the two major airports. An Airports Enterprise Team was established in June 1998 under the authority of the National Investment Bank of Jamaica to oversee the privatization of SIA. The divestment process is expected to be completed in the third quarter of the 1999/00 fiscal year. The inland transportation system is in need of repair affecting transportation of goods within Jamaica and to ports. The island's railway system recently received an injection of funds from RITES and several other Indian companies who acquired a 30 percent equity in the railway system while the GOJ retained 40 percent, and others a 30 percent share. The project will include rehabilitation of tracks, repair and refurbishing of buildings and locomotives, retooling of workshops and acquisition of new equipment. Overall cost is estimated at approximately USD 34 million. The National Investment Bank of Jamaica is currently processing proposals for a water ferry system to serve the Kingston, Port Royal, Portmore area and adjoining communities in order to reduce pressures on the roads of the Kingston Corporate area and neighboring St. Catherine Parish.

Cargo and passenger transportation is carried through modern and well-equipped international air and seaports. Ten major airlines (and, as of April 1998, an international U.S. all-cargo air service) and about 44 international shipping lines link Jamaica with worldwide destinations. One major international shipping line, Evergreen scaled down its operations in Jamaica in 1997 and moved most of its operations to Panama due to high operating costs; Evergreen has recently resumed some transshipment operations through the port of Kingston. Sea Land closed its operations in Jamaica in May 1998 and moved to the Dominican Republic.

Electricity: The government owned Jamaica Public Service Company (JPSCo) is the sole producer and distributor of electricity in Jamaica. Over 95 percent of electrical power is generated from imported fuel oil. JPSCo has a current capacity of 656.2 Megawatts (MW)- maximum continuous rating, with present peak demand of about 503 MW. Approximately 510 MW (about 78 percent of the total) is produced by JPSCo. The rest is available through agreement with private power companies and an alumina/bauxite company, JAMALCO. Power is sold by JPSCo at a rate of about 12.5 US cents/kWh. Independent power plants account for about 23 percent of installed capacity. A 15.9 MW private joint venture (U.S. - Energy Resource Inc./ Jamaican - Jamaica Broilers) co-generation agreement was signed in 1997 to provide power to Jamaica Broilers' poultry

processing facility. The 76 percent excess energy is sold to JPSCo.

Water: In general, Jamaica has an adequate water supply from sources above and below ground. Kingston also has several reservoirs. However, occasional droughts can reduce water supplies, necessitating rationing by lock-off of residential areas. Conversely, the hurricane season can result in flooding, usually very minor, in urban areas.

Energy: Jamaica depends on imported energy for about 94 percent of its needs. Petroleum consumption is about 20 million barrels per annum. The Petroleum Refinery of Jamaica (PETROJAM) was privatized in October 1996 when it was sold to a Jamaican group including former managers. However, due to the inability of the group to meet payments, the government withdrew privatization. The company continues to be operated by the Government of Jamaica.

Banking: Jamaica has a wide range of financial institutions. Since December 1995 severe sectoral problems have necessitated government intervention in the form of takeovers or funding/reform schemes. The near-collapse of the sector is attributed to a number of factors including: interlocking ownership (mainly banks by insurance companies); poor/questionable management practices; non-performing assets (mainly real estate); high loan default rates, estimated at 20 percent (in part due to the high interest rates combined with the economic downturn); and diffuse government oversight of the sector. In 1997, in addition to the creation of a special agency, FINSAC, to address these problems, the government amended acts governing various financial entities. These amendments include safeguards to protect depositors (among them deposit insurance), giving relevant agencies greater powers of supervision and auditing, and allowing appropriate official intervention in troubled institutions at an earlier stage.

Telecommunications: Jamaica has a complete digital network offering a wide range of telecommunication services locally and internationally, including direct dialing to most international locations. Currently telecommunications services in Jamaica are provided through a contractual agreement by the GOJ with Cable and Wireless of Jamaica Limited (formerly Telecommunications of Jamaica), whose controlling shareholder is Cable and Wireless (UK). As with a number of other Caribbean countries, Cable and Wireless' monopoly position affects domestic services, provision/expansion of infrastructure and international linkups. Consequently, while Jamaica is a signatory to the WTO Basic Telecommunications Services Agreement, implementation of a fully open telecommunications market will be phased in as follows:

- guaranteed pro-competitive regulatory principles, 1998;
- satellite services and facilities (market access--domestic and international), 2004 or after;
- foreign investment (market access including control or full ownership), after 2004; and
- international services and facilities (market access), 2013.

CHAPTER III: POLITICAL ENVIRONMENT

Nature of Political Relationship with the United States

Bilateral relations between Jamaica and the United States are good. The two countries occasionally disagree over issues such as relations with Cuba, but on most U.S. initiatives in the Caribbean region, such as the return of democracy to Haiti, Jamaica has agreed with U.S. objectives and supported them.

Major Political Issues Affecting the Business Climate

There are no major political issues affecting the business climate in Jamaica. All major political parties are in favor of attracting foreign investment.

The Political System in Jamaica

Jamaica is a member of the British Commonwealth and follows the Westminster Parliamentary model. The head of state is the Governor General, the local representative of the Queen. The Prime Minister, leader of the majority in the elected House of Representatives, is the head of government. There are three major political parties, the People's National Party (PNP), the Jamaica Labour Party (JLP), and the National Democratic Movement (NDM) which was founded in 1995. The PNP and the JLP have alternated in power since independence in 1962. Since the 1970's, the orientations of the two major parties (PNP and JLP) have converged to the point where they are ideologically virtually indistinguishable.

The Prime Minister may call general elections at any time, but in no case later than five years after the previous election. General elections were held in December 1997, returning the party led by incumbent Prime Minister, Percival James ("P.J.") Patterson to an unprecedented third term. In February 1998, a number of cabinet portfolios were reorganized, including those which regulate business and investment. Among the restructured entities are the Ministry of

Industry and Investment, the Ministry of Commerce and Technology and the Ministry of Transport and Works. In addition, the government's promotional arm, JAMPRO, has a new chairman, prominent businessman Joseph A. Matalon.

CHAPTER IV: MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels

Distribution and sales of imported merchandise in Jamaica are done principally through importers, distributors, and agent representatives. In addition, a large share of materials and supplies including machinery and equipment is imported directly by end-user firms. Close contact with end-users and provision of excellent quality after-sales service at competitive prices are essential to maintaining position in the market.

Use of Agents/Distributors; Finding a Partner

There are no specific laws in Jamaica which dictate contract terms for agents/distributors. The parties involved formulate their own terms and conditions of agreement with or without the assistance of an attorney. However, regardless of contract terms, every supplier and agent/distributor must abide by the Fair Competition Act (FCA). The FCA is designed in effect to invalidate contract clauses which restrict competition. Once an agreement is reached and signed, it becomes a legally binding document. Breaches of such contracts may be contested in a court of law.

Requests for agents/distributors can be made through any district office of the Department of Commerce, which will then involve the U.S. Embassy Foreign Commercial Service (FCS) in the search.

For the Agent Distributor Service (ADS), FCS reporting staff will conduct a search for suitable representatives and prepare a report listing firms that have read client literature and have agreed to consider a business relationship. The fee is USD 250. The GoldKey Service (GKS) may be requested directly from the Commercial Section of the U.S. Embassy in Kingston. It is a custom-tailored service that combines orientation briefings, market research and appointments with potential partners. The cost is USD 350 for the first day plus USD 250 for each additional appointment day.

Other leads and sources for business partners include the local government investment agency, Jamaica Promotions Corporation

(JAMPRO), or the American Chamber of Commerce of Jamaica (which has offices in both Kingston and Montego Bay).

Franchising

In recent years, there has been substantial activity in the area of franchising. Particularly notable is the growth in the number of fast food operations. These include Kentucky Fried Chicken (KFC), McDonalds, Pizza Hut, Subway, Dominos Pizza, Popeye's, Taco Bell and Wendy's. Usually a locally registered company is responsible for managing the operation and ensuring conformity to the franchise requirements. JAMPRO and the American Chamber of Commerce (AMCHAM) have organized events explaining and promoting franchise operations. They are good first points of contact for assistance in entering the market. JAMPRO is also a good first point of contact for assistance in setting out the terms of registration, trademarks, and other requirements.

Direct Marketing

While mail order sales and catalogs have not been very common, moves towards deregulation and liberalization in Jamaica have compelled persons in retailing to think of more creative ways of getting their message to customers and achieving sales growth. Direct mailings of promotional materials and telephone marketing have been used by some firms. Local credit card companies sometimes target cardholders with direct mailings offering goods and services.

Growth has been seen in network marketing for the promotion of products such as Avon, Amway and various health (food) supplements. However, this market is inherently fairly small and characterized by considerable disparity in purchasing power and income distribution.

Market statistics are not always readily available; hence, special surveys may be necessary to obtain detailed precise information. Personal contacts are very important in the development of a close working relationship between the Jamaican sales representative, agent or distributor and the U.S. exporter.

Joint Ventures/Licensing

Nonresident partners, unless exempted under one of the incentive programs, including corporate partners, are subject to Jamaica tax on their share of the partnership profits that accrue in or are derived from Jamaica. Nonresident foreign corporations pay tax on their share of profits at the same rates as resident corporations.

Double taxation relief is available under the Convention for the Avoidance of Double Taxation which entered into force December 1991.

Steps to Establishing an Office

JAMPRO's charter is to facilitate the establishment of businesses in both the productive and service sectors of the Jamaican economy. A potential investor should present a project proposal to JAMPRO for assessment and guidance. Information should include costings, financial projections, and production levels. Registration or incorporation of the business (e.g., sole proprietorship, partnership or company limited by shares) should be made with the Registrar of Companies. JAMPRO will assist with:

- obtaining applications to the income tax department (for an income tax number and for a business/trade number);
- obtaining import licenses from the trade board;
- identification of business location (factory space or land);
- applications for concessions under incentive legislation;
- applications to the revenue board for a Business Enterprise Number (BENO);
- work permits for nonresident personnel; and
- registration under the consumption duty and/or excise duty acts.

To form a private, limited liability company, there must be at least two and a maximum of twenty shareholders. There are no restrictions on the nationality of subscribers. Two legal documents must be prepared in order to complete incorporation of a company in Jamaica: a memorandum of association and articles of association.

Selling Factors/Techniques

There are several large, established distribution companies in Jamaica which import and distribute a range of products. These companies typically own vehicles or have salesmen on contract with appropriate vehicles. Demand and, hence, markups for products vary. Some companies specialize in high volume and fairly low markups while others will only distribute goods which ensure a fairly high mark up. Because of proximity to and the strong influence of North America, strategies which prove successful in North America are generally successful in Jamaica as well.

Advertising and Trade Promotion

Advertising is primarily done through radio, television, the press and billboards. There are several internet service providers e.g. Cable and Wireless (CWJamaica), Infochannel, Colis, JamWeb, World Telenet, Jamaica on Line and others. A number of advertising agencies have national coverage. Radio is the most wide-reaching mass communication, with seven authorized radio stations. The two local TV networks are TVJ (formerly known as the Jamaica Broadcasting Commission (JBC)) and the private Communication Videomax Mediamix (CVM).

The government has recently selected operators for licensing island-wide in designated cable television zones. The new licensing system became effective in July 1998. It is currently proposed that there be no local advertising on the cable system but it is likely that cable channels will carry advertising by companies through the international network. Jamaica has two morning dailies and one afternoon tabloid as well as several periodicals and magazines, among them:

The Gleaner Newspaper (daily)
7 North St.
Kingston
Tel: (876) 922-3400

The Jamaica Herald Newspaper (Sunday)
29 Molyne Rd.
Kingston 10
Tel: (876) 968-7721

The Jamaica Observer Newspaper (daily)
2 Fagan Ave.
Kingston 8
Tel: (876) 931-7825/-7832

The Star Newspaper (afternoon tabloid)
7 North St.
Kingston
Tel: (876) 922-3400

Investor's Choice Magazine (monthly)
12 Merrick Ave.
Kingston 10
Tel: (876) 929-2993

Insight (twice monthly econ/comm newsletter that takes advertisements)
7 Kingsway, Apt. 11
Kingston 10

Tel: (876) 926-5404

Trade missions and catalogue shows are excellent means of assisting U.S. suppliers in selling their products.

Pricing Products

Most prices are freely determined by the market. Notable exceptions are services, such as telecommunications, electricity, water and bus fares. The Office of Utilities Regulation has been set up to monitor pricing and other activities for these utility companies. While there are no official or government policies on price regulation or control, the Fair Trading Commission (FTC) and the Consumer Affairs Commission (CAC) do monitor pricing of consumer items. The FTC generally responds to consumer complaints. The CAC plays a role in conducting research and informing the public of price variations.

Many products have traditionally been marketed to provide for fairly high markups, especially on imports or products with a high import component. Pricing is also affected by money supply and the amount of liquidity in the system. (In late 1996, appreciation of the Jamaican dollar actually led to a reduction in some prices.)

Sales Service/Customer Support

After-sales service is an important competitive advantage in the Jamaican market and a requirement for an effective sales operator. If a U.S. firm has difficulty setting up its own distribution system, a local agent or distributor should be required to maintain a trained service staff with a reasonable stock of spare parts. As an alternative, the supplier could offer the customer rapid service from the United States.

Selling to the Government

Government procurement is generally done through open tenders, direct advertising, or by invitation to registered suppliers. U.S. firms are eligible to bid. The range of manufactured goods produced locally is relatively small, so there are few instances of foreign goods competing with domestic manufactures. Companies interested in supplying office supplies to the government must register with the Financial Management Division of the Ministry of Finance (phone [876]929-9330). Companies interested in supplying other kinds of equipment or materials should contact: the National Water Commission (water), Jamaica Public Service Company (electricity), the Jamaica

Commodity Trading Company (for the purchase of certain basic food items and fertilizer under concessionary loan programs), the Pharmaceutical Division of the Ministry of Health and Health Corporation Limited (medicines and medical supplies), and the Ministry of Housing (for housing and construction materials).

Protecting Your Product from IPR Infringement

The Jamaican Constitution recognizes property rights. There are laws designed to protect property and which specifically address protection of intellectual property. Bilaterally, there are also agreements covering IPR protection. The United States and the Government of Jamaica have signed an Intellectual Property Rights Agreement (1994) and have concluded a Bilateral Investment Treaty (which came into force March 1997).

In June 1999, Jamaica's Senate passed three related pieces of legislation. These were the new Trade Marks Act, the Layout-Designs (Topographies) Act as well as a bill to amend the Copyright Act to extend its coverage to include databases as well as the issue of trading in encrypted transmissions.

All three have been enacted in fulfillment of Jamaica's obligations under the agreement on the trade-related aspects of intellectual property rights (TRIPS). This was concluded as part of the Uruguay round of the General Agreement on Tariffs and Trade (GATT), the predecessor of the World Trade Organisation (WTO), the Paris Convention for the Protection of Industrial Property, to which Jamaica is seeking to become a signatory, as well as the bilateral agreement on intellectual property between Jamaica and the United States.

The Trade Marks Act outlines the regulations governing the administration of the trade mark system and puts Jamaica in a position to meet internationally accepted standards for the protection of trade marks. It provides the owner of a registered trade mark with a property right, thereby giving him the exclusive right to exploit the mark in the course of trade. The mark may be registered in relation to goods and services and provision is made for the registration of both collective marks and certification marks. The bill provides for the protection of a registered trade mark for a period of 10 years which can be renewable for another 10 years.

The Layout-Designs Act provides protection for layout-designs embodied in integrated circuits and gives the owner of those rights the exclusive right to reproduce the layout-design, to import, sell

or otherwise commercially exploit it and to authorize other persons to do so. That right is also in place for 10 years and may be transferred by the owner by assignment, by will or by legal methods. It also sets out means of legal redress for violations of the right.

The bill amending the Copyright Act seeks to make explicit the provision of copyright protection on compilations of works such as databases. The Amendment also makes it an offense for a person to manufacture or trade in decoders of encrypted transmissions. It also gives persons having rights in encrypted transmissions or in broadcasting or cable program services a right of action against persons who infringe on those rights.

Need for a Local Attorney

It is advisable to retain professional advice at an early stage of a business venture to ensure smooth start-up and compliance with local laws. The Jamaica Bar Association has a membership of over 550 attorneys. The Association is located at 78-80 Harbour St., Kingston (phone: [876] 922-2319). A list of members can be obtained from the Association.

CHAPTER V: LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

Geographic proximity and significant trade and investment relationships have led to a close and extensive relationship between the U.S. and Jamaica. Over the last several years the U.S. government, through the U.S. Agency for International Development, has supported Jamaica with significant aid to strengthen the private sector and to encourage economic activities. The U.S. continues to be the major bilateral source of aid for Jamaica.

Best Prospects for Non-Agricultural Goods and Services

The United States remains Jamaica's primary trading partner. In 1997 total imports from the U.S. were about USD 1.5 billion, representing 47.7 percent of Jamaica's total imports. Some of the major import categories include petroleum, grains, machinery and transport equipment, chemicals, cut and formed fabric (for assembly and export), and poultry parts. During 1998, the economy continued its decline of recent years. Continued difficulties in the financial sector affected the implementation of some projects. However, there continues to be some potential for exports to Jamaica for a wide variety of raw materials, capital goods, spare parts, low-cost housing material, and other intermediate inputs for the development of hotels, agriculture, telecommunications, and manufacturing.

Many raw materials and capital goods are imported into Jamaica, including items that were once manufactured in Jamaica but for various reasons no longer are. Proximity, quality and service have encouraged Jamaican businessmen to purchase from the U.S. The following U.S. products are in great demand and with few exceptions face virtually no local or third-country competition:

-- Chemicals and related products: inorganic chemicals; medicinal and pharmaceutical products; essential oils and perfume materials; toilet, polishing and cleansing preparations;

-- Machinery and transport equipment: power generating machinery and equipment; general industrial machinery and equipment;

-- Manufactured goods and raw materials: textiles; iron and steel; paper and paper products; furnishings; toys and gifts; telecommunications; sound recording and reproducing apparatus and equipment.

Best Prospects for Non-Agricultural Products

Drugs/Pharmaceuticals (DRG)

USD (000)	1997	1998	1999
TOTAL MARKET SIZE	69239	73741	80000
TOTAL LOCAL PRODUCTION	12000	13000	14000
TOTAL EXPORTS	3000	3500	4000
TOTAL IMPORTS	60239	64241	70000
IMPORTS FROM THE U.S.	15000	20000	25000

(Market information is inferred from preliminary external trade figures obtained from the Statistical Institute of Jamaica. 1999 figures are estimates.)

Comments: The Common External Tariff (CET) on certain categories of drugs and pharmaceuticals has been removed. In addition, the General Consumption Tax (GCT) is no longer applicable on most items. The Government of Jamaica has announced that it intends to ensure that there is competition in this category and is also encouraging wider availability of generic drugs. Early in 1997, the Government announced a new national health insurance scheme which will make many drugs affordable to a larger number of citizens.

Automotive Parts and Service Equipment (APS)

USD (000)	1997	1998	1999
TOTAL MARKET SIZE	24850	20900	25000
TOTAL LOCAL PRODUCTION	150	200	200
TOTAL EXPORTS	300	300	300
TOTAL IMPORTS	25000	21000	25100
IMPORTS FROM THE U.S.	7000	11200	13000

(Market information is inferred from preliminary external trade figures obtained from the Statistical Institute of Jamaica. 1999 figures are estimates.)

Comments: Since the liberalization of Jamaica's automobile sector, there has been a growing number of used-car imports. To restrict somewhat the influx of older used vehicles, the government announced in 1998 that imported used vehicles may not be more than four years old. With the large-scale importation of used vehicles, a problem has developed with respect to availability of spare parts. Importing spare parts directly from Asia is expensive and slow. In early 1995, the government required registered used car dealers to maintain inventory consisting of at least 10 percent of spare parts. At first, this law was not very firmly enforced and it was noticeable that importers of used cars would rather import cars than the required quantities of parts. It is expected that the laws will be more firmly enforced in the future.

Paper/Paperboard (PAP)

USD (000)	1997	1998	1999
TOTAL MARKET SIZE	80418	83300	86000
TOTAL LOCAL PRODUCTION	2000	2000	2000
TOTAL EXPORTS	8000	8000	8000
TOTAL IMPORTS	86418	89330	92000
IMPORTS FROM THE U.S.	53000	55000	60000

(Market information is inferred from preliminary external trade figures obtained from the Statistical Institute of Jamaica. 1999 figures are estimates)

Comments: This is one of the bigger import market categories which, after a few years of negligible growth, appears to be growing again despite the slow down in overall economic activity in Jamaica. The U.S. already has good market share in some subsections such as: paper and paperboard covered with plastics, craft paper, uncoated paper and paperboard in rolls and sheets. There is strong competition from Canada in other areas such as corrugated paper and paperboard, newsprint, and paper for the printing industry. A

significant quantity of toilet paper, paper towels and sanitary napkins is imported from Trinidad and Tobago.

Telecommunications Equipment (TEL)

USD (000)	1997	1998	1999
TOTAL MARKET SIZE	73022	75317	80000
TOTAL LOCAL PRODUCTION	0	0	0
TOTAL EXPORTS	0	0	0
TOTAL IMPORTS	73022	75317	80000
IMPORTS FROM THE U.S.	35000	40000	48000

(Market information is inferred from preliminary external trade figures obtained from the Statistical Institute of Jamaica. 1999 figures are estimates)

Comments: During 1998, the Minister of Commerce and Technology announced that policies would be introduced to allow increased commercial activity in the telecommunications sector. This increased activity is expected to follow the announcement of a new telecommunications policy. Import duties were removed entirely from several telecommunications items in 1996. In early 1995, Cable and Wireless Jamaica (then called TOJ) altered its connection policy to allow for a less restricted telephone and telecommunications equipment market. Among the products that should do well are telephone handsets, cordless phones, modems and credit authorization machines. The company currently has approximately 350,000 customers (up from 230,000 in 1995). Service is projected to expand to 500,000 customers by the year 2000.

Computers/Peripherals (CPT)

USD (000)	1997	1998	1999
TOTAL MARKET SIZE	56466	62309	70000
TOTAL LOCAL PRODUCTION	0	0	0
TOTAL EXPORTS	0	0	0
TOTAL IMPORTS	56466	62309	70000
IMPORTS FROM THE U.S.	35000	40000	44000

(Market information is inferred from external trade figures obtained from the Statistical Institute of Jamaica. 1999 figures are estimates)

Comments: Several factors are contributing to the growth of this sector. The market for computers and computer peripherals is heavily influenced by the growth in information and telecommunications

technologies. The Jamaican Government has announced initiatives (such as a school program) which, if realized, will have the effect of greatly increasing the demand for computer equipment. In 1996 customs duties were removed altogether from computers and some other related items. In early 1999, the Jamaican government also announced that the General Consumption Tax (GCT) would be removed from computers.

Footwear (FOT)

USD (000)	1997	1998	1999
TOTAL MARKET SIZE	18800	22997	24000
TOTAL LOCAL PRODUCTION	3400	3500	3500
TOTAL EXPORTS	1400	1500	1500
TOTAL IMPORTS	16800	20997	22000
IMPORTS FROM THE U.S.	7000	10500	12000

(Market information is inferred from external trade figures obtained from the Statistical Institute of Jamaica. 1999 figures are estimates)

Comments: Local tastes in footwear are strongly influenced by international styles. Although local manufacturing in certain categories (notably waterboots) continues to be fairly strong, domestic manufacturers are generally unable to provide footwear of the styles, designs and price of what can be imported. In particular, footwear used for various sporting and shoes made of leather are in great demand.

Best Prospects for Agricultural Products

Jamaica has a fragile production base which tends to be negatively affected by high cost of inputs, unavailability of planting materials, extreme weather conditions, inadequate research and poor yields. Climatic conditions also prohibit the production of many crops and the agroprocessing industry remains fairly limited. While these conditions remain unchanged, Jamaica will continue to be a net importer of agricultural products.

Domestic agricultural production declined by 2.24 percent in 1998 and has shown only modest growth (3.9 percent) for the first quarter of 1999. Although the current economic situation has resulted in a slowing down of food imports, it is anticipated that Jamaica will continue to import a significant portion of its consumption needs. Primary suppliers of food and beverages to Jamaica are the United States, Trinidad and Tobago, Canada and New Zealand.

For calendar year 1998, Jamaica's merchandise trade declined by 4.6 percent. Although total imports declined, imports of food and beverages increased by USD 15 million for a total value of USD 273.4 million. Consistent with the 1997 trade trend, the 6 percent increase in agricultural imports was primarily the result of increased imports of cereal and cereal preparations, beverages, vegetables and fruit, seafood, meat and meat preparations. Imports of many other items remained stable with only one, pet foods showing a 28 percent decline.

Agricultural imports from the United States increased by only 4 percent in 1998 compared to a 9 percent increase in 1997. Imports of beverages from the United States continue to suffer from severe competition from Trinidad & Tobago and showed a 27 percent decline for 1998. As a CARICOM partner, imports from Trinidad & Tobago have duty free access to the Jamaican market. Snack food and cereals are the other major items which face stiff competition from Trinidad and Tobago.

The United States remained Jamaica's number one trading partner, accounting for 48 percent of agricultural imports. For 1998, imports of agriculture, fish and forestry products accounted for 19 percent of Jamaica's total imports.

With strong demand from middle and upper income groups, the market for consumer-ready products in Jamaica continues to expand despite the contraction in the economy over the past three years. The fast food sector, which is also driven by this demand, continues to grow through expansion of existing franchises as well as the introduction of new operations. This growth has supported the market for U.S. exports of french fries, hamburger meat, sausage, chicken patties, cookies, frozen dough and dough blends, cakes, pies, etc.

The tourism industry continues to provide a good market for U.S. agricultural imports. With more than one million tourists per year, the hotels have a strong demand for meats, special cheeses, turkeys, frozen vegetables, seafood, salad dressings, mayonnaise, wines and ducks, among other products.

Effective January 1, 1999, Jamaica implemented the final stage in the phased reduction of the Common External Tariff. Import duties now range from 0-20 percent. Fresh fruit and vegetables, meats and poultry continue to attract import duties as high as 86-90 percent, designed to protect local industry. With the exception of pork and pork products not hermetically sealed, there are no restrictions on imports from the United States. An import permit is required for

fresh fruits and vegetables, meats, live animals, semen, planting material, honey and bees.

U.S. Government assistance to Jamaica for FY 1999 includes a USD 10 million P.L. 480 program for rice imports; a USD 35 million GSM 102 program to guarantee purchases of corn, rice, soymeal, vegetable oils, wood products, dairy products and poultry breeder stock; a USD 5 million Supplier Credit Guarantee program to cover high value products such as fresh/canned fruits and vegetables, wine/brandy, potatoes, tree nuts and dried foods; and a USD 20 million Facility Credit Guarantee program to provide payment guarantees to facilitate the financing of manufactured goods and services to improve or establish agriculture-related facilities.

Nuts (000 Kilograms)

	1997	1998	1999
TOTAL MARKET SIZE	36	59	65
TOTAL LOCAL PRODUCTION	0	0	0
TOTAL EXPORTS	0	0	0
TOTAL IMPORTS	36	59	65
IMPORTS FROM THE U.S.	33	42	50

Comments: The market for nuts is currently very small and growth is restricted primarily by high retail prices. With increased consciousness of the need to increase the amounts of nuts and grains in the diet and the purported health benefits of nuts like almond, this is a market that should show growth in the medium to long term.

Wines (000 liters)

	1997	1998	1999
TOTAL MARKET SIZE	1613	1213	1210
TOTAL LOCAL PRODUCTION	627	565	550
TOTAL EXPORTS	273	688	700
TOTAL IMPORTS	1259	1336	1360
TOTAL IMPORTS FROM U.S.	488	542	550

Comments: Alcoholic beverages attract very high duties. Wine imports attract 30 percent Common External Tariff (CET), which is imposed on imports that originate outside of the Caribbean Common Market. There is also a 34 percent additional stamp duty as well as a 14.5 percent special consumption tax. The duties are designed primarily to protect local production. A 15 percent value added tax is also levied.

Aerated Beverages (000 liters)

1997	1998	1999
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TOTAL MARKET SIZE	98718	104961	112500
TOTAL LOCAL PRODUCTION	27966	20058	25000
TOTAL EXPORTS	1225	2261	2500
TOTAL IMPORTS	71977	87164	90000
IMPORTS FROM THE U.S.	11727	6245	7000

Comments: Total imports of aerated beverages continue to increase. U.S. market share as well as local production have declined as a result of the competition from Trinidad exports. U.S. suppliers need to work more closely with their representatives in the market to design advertising and promotion programs to differentiate their products. There is a need to capitalize on the consumer's perception of quality and superiority of U.S. products.

Onions (000 kilograms)

	1997	1998	1999
TOTAL MARKET SIZE	8055	9337	9800
TOTAL LOCAL PRODUCTION	1110	2457	2800
TOTAL EXPORTS	0	0	0
TOTAL IMPORTS	6945	6880	7000
TOTAL IMPORTS FROM U.S.	1971	3846	4400

Lettuce (000 kilograms)

	1997	1998	1999
TOTAL MARKET SIZE	6389	5222	5430
TOTAL LOCAL PRODUCTION	6009	4635	4800
TOTAL EXPORTS	0	0	0
TOTAL IMPORTS	380	587	630
TOTAL IMPORTS FROM U.S.	380	587	630

Carrots (000 kilograms)

	1997	1998	1999
TOTAL MARKET SIZE	21390	24115	25000
TOTAL LOCAL PRODUCTION	18857	21605	22000
TOTAL EXPORTS	0	0	0
TOTAL IMPORTS	2533	2510	3000
TOTAL IMPORTS FROM U.S.	1287	1465	1650

Apples (000 kilograms)

	1997	1998	1999
TOTAL MARKET SIZE	619	883	900
TOTAL LOCAL PRODUCTION	0	0	0
TOTAL EXPORTS	0	0	0

TOTAL EXPORTS	619	883	900
TOTAL IMPORTS FROM U.S.	544	816	850

Comments: Apples continue to be a popular item among Jamaicans at all income levels. Retail prices have trended down, resulting in a more available product and this has helped to maintain high demand. Apples attract a 90 percent tariff but this has not served to prohibit imports.

Beef (000 kilograms)

	1997	1998	1999
TOTAL MARKET SIZE	14795	14254	14600
TOTAL LOCAL PRODUCTION	14538	14254	14300
TOTAL EXPORTS	0	0	0
TOTAL IMPORTS	257	258	300
TOTAL IMPORTS FROM U.S.	237	256	295

Comments: The United States is the major supplier of beef to Jamaica. Imports of beef and other meats are restricted by high import duties which protect local production. Hotels and restaurants continue to be the major markets for U.S. beef.

AGRICULTURAL IMPORTS BY MAJOR CATEGORIES (USD Millions)

	1998	1997	1996
Food and Live Animals chiefly for food	467	445	366
Beverages and Tobacco	57	52	36
Animal and Vegetable Oils, and Fats and Waxes	27	24	23
Cork and Wood Manufactures (excluding furniture)*	24	24	21

(*NOTE: USD amounts of cork and wood manufacture imports from specific countries are unavailable.)

AGRICULTURAL IMPORTS FROM THE UNITED STATES (USD Millions)

	1998	1997	1996
Food and Live Animals chiefly for food	232	219	204
Beverages and Tobacco	11	15	7
Animal and Vegetable Oil, Fats and Waxes	19	17	18

AGRICULTURAL IMPORTS FROM MAJOR COMPETITORS
(USD Millions)

	1998	1997	1996	Competitor
Food and Live Animals chiefly for food	39	32	25	Canada
Beverages and Tobacco	26	18	16	Trinidad
Animal and Vegetable Oils,	6	5	4	Trinidad

AGRICULTURAL IMPORTS - BREAKDOWN OF MAJOR CATEGORIES
(USD Millions)

Food and Live Animals chiefly for food	467	445	366
-Live animals chiefly for food	1	1	1
-Meat and Meat Preparations	68	63	52
-Dairy Products and Bird Eggs	49	47	45
-Fish, Crustaceans and Mollusks and preparations thereof	57	53	39
-Cereal and cereal preparations	130	124	100
-Vegetables and Fruit	42	35	23
-Sugar, sugar preparations for human consumption not elsewhere specified (NES)	42	41	39
-Coffee, Tea, Cocoa, Spices and manufactures thereof	10	9	9
-Feeding stuff for animals (not including unmilled cereals	23	32	22
-Miscellaneous edible products and preparations	44	40	35
Beverages and Tobacco	57	52	36
-Beverages	44	39	26
-Tobacco and Tobacco Manufactures	12	13	10
Animal and Vegetable Oils, and Fats and Waxes	27	24	23
-Animal oils and fats	3	4	6
-Fixed vegetable oils and fats	20	16	12
-Animal and Vegetable Oils and Fats, processed, and Waxes of	4	3	2

animal or vegetable origin

Cork and Wood Manufactures (excluding furniture)*	24	24	21
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(*NOTE: USD amounts of cork and wood manufacture imports from specific countries are unavailable.)

CHAPTER VI: TRADE REGULATIONS AND STANDARDS

Trade Barriers

As part of the continuing process of reform of the trade regime, in 1986 the government embarked upon a tariff reform program whereby the duty rates were gradually reduced from as high as 200 percent to the present maximum rates of 30 percent. In 1996 duties were removed entirely from some categories. High duty rates remain in place for some items, such as motor vehicles. The Jamaica Bureau of Standards is becoming increasingly vigilant in monitoring the quality of imported items.

Customs taxes represent a major source of the government's tax revenue. In February 1991, the government implemented the CARICOM Common External Tariff (CET), the first customs union in the Caribbean. The CET currently ranges between 0 to 30 percent (with an additional 5 percent in the case of agricultural produce). Goods originating in a CARICOM member state are not subject to the CET in other member countries. In addition to the CET, most items are subject to a general consumption tax (GCT). Alcoholic beverages and tobacco imports carry an additional stamp duty of 25 to 56 percent and a special consumption tax of 5.0 to 39.9 percent. Non-basic, finished goods, and goods competing with those produced in CARICOM states carry higher duty rates.

In fulfillment of Jamaica's obligations under the CARICOM Treaty, the government of Jamaica began first phase implementation of the Common External Tariff (CET) in 1991/92. Under the CET, customs duties are prescribed on goods imported from countries outside the CARICOM region. Goods produced within the region are eligible for preferential treatment under the Rules of Origin regime and are, therefore, not subject to import duties.

The CET rate structure is based on two categories - inputs and final goods. Inputs cover raw materials and capital goods. Final or consumer goods are broken down into basic and non-basic goods. Furthermore, the rate structure differentiates between competing and

non-competing goods. Goods are considered to be competing if the regional manufacturer has the potential to supply 75 percent of the regional market. This is effective whether or not this potential is realized. Goods which do not satisfy these criteria are classified as non-competing. Exceptions have been made in special circumstances where cost of living considerations or other sensitivities dictate the assessment of special rates including special low rates or even zero rates of duty. This would include basic foods, medicines, certain fertilizers and insecticides, books and some agricultural inputs. Another departure from the rate structure of the CET is the Minimum Rate Approach, which permits member states to apply rates of duty exceeding the agreed minimum rates. Some examples of commodities for which CET rates have been established as Minimum Rates are: alcoholic beverages, tobacco products, petroleum products, jewelry, watches and clocks.

In the case of a long-term or short-term incapacity by a member state to access a particular protected industrial or agricultural input within the region, the CARICOM Council or the Secretary General acting on behalf of the council may grant a suspension of the CET rate in order for that member state to import the particular input from extraregional sources at a rate of duty to be determined by that member state.

Conditional duty exemptions and reductions are also part of the CET. These are allowed when goods are imported in specified instances or by specified agencies. In Jamaica, exceptions to the CET may cover goods imported under the following circumstances:

- approved new investments;
- approved substantial expansion to existing investment; and
- development financing from a donor country or international institution with a view to assisting the economic development of Jamaica.

There has been a gradual reduction of the CET over the years. The rate structure was set to be revised downward in 4 phases. In January 1999, the last phase of the CET was implemented in Jamaica with import or customs duty rates reduced for most items by 5 percentage points to a maximum of 20 percent. It should be noted that this figure refers to import duties only. In order to protect local producers, import duties on items such as certain agricultural products (such as chicken and milk) and certain consumer goods carry higher duty rates. In addition to import duties, certain items such as beverages and tobacco, motor vehicles and some agricultural products carry an additional stamp duty and special consumption tax. Additionally, most imported items are subject to 15 percent general consumption tax (GCT).

Customs Valuation

There have been some improvements as a result of the Government of Jamaica's efforts to streamline customs procedures. In order to facilitate the movement of goods, the government simplified documentation and clearance requirements for exporters. Computerization of the entire system has begun. Regulations governing the levy of import duties are contained in the Customs Act. Dutiable imports are subject to the CARICOM Common External Tariff (CET) explained above and import duties are levied on the CIF value of the goods.

Import Licenses

Although considerable headway has been made in the area of trade liberalization, there are still several items that require an import license. These items include milk powder, refined sugar, plants and parts of plants for perfume or pharmaceutical purposes, gum-resins, vegetable saps and extracts, certain chemicals, motor vehicles and parts, arms and ammunition, and certain toys, such as water pistols and gaming machines. The Trade Board, under the Ministry of Commerce & Technology, is responsible for granting licenses.

Export Controls

Certain items are subject to export licensing. These include ammunition, crocodiles, crocodile eggs, eggs, antique furniture, gold bullion and fully or semi-manufactured gold, minerals and metals including bauxite, alumina, gypsum, antique paintings, pimento, sugar, plasma, lignum vitae and log wood, petroleum products, live animals, motor vehicles (including bodies and auto parts), and shells subject to the Convention of International Trade for Endangered Species administered by National Resources Conservation Administration (NRCA).

Import/Export Documentation

If an item requires a license, it must be obtained from the Trade Board before effecting the sale. The documents required for the importation of goods are: a supplier invoice, certificate of origin, bill of lading, airway bill and other shipping documents, a declaration of value and an import license, if necessary. (Certain products may also require phytosanitary certification.) On the arrival of the goods in Jamaica, the documents are submitted to the

Customs authorities, whereupon the relevant duties must be paid before the goods may be cleared. The importer may also be required to present a tax compliance certificate for the importer, a Business Enterprise Number (BENO) and a Taxpayer Registration Number (TRN).

Temporary Entry

Importers may obtain authorization for temporary admission for a period of three or four months. To claim temporary admission of merchandise, regular import documentation and the C25 Form with customs authorization must be presented by the importer upon the arrival of the merchandise. In addition, the importer is required to deposit or place in bond either full or one and a half times its duty, which is refunded on exit of the merchandise.

Labeling, Marketing Requirements

The Jamaican Bureau of Standards administers the Standards Act, Processed Food Act and Weights and Measures Act. Products imported into Jamaica must meet the requirements of these Acts. These include requirements for labeling. Items sold in Jamaica must conform to recognized international quality specifications.

Prohibited Imports

Jamaica prohibits the import of the following items:

- amusement machines known as "one arm bandits";
- dogs for racing;
- dog racing equipment;
- tablets containing a combination of methaqualone and diphenhydramine hydrochloride;
- certain brands of crayons from China and Thailand;
- all items banned under the Customs Act and the Plants Protection from Disease Act;
- all goods prohibited entry into the United Kingdom under the Anthrax Prevention Act 1919;
- animals and carcasses of animals prohibited under the Animals Diseases and Importation Act;
- arms and ammunition, except with the permission of the Commissioner;
- brandy of a lower strength than 30 degrees per centum under proof, unless it is proved that it has been matured for a period not less than ten years;

- base or counterfeit imitation coin of any country;
- coin, silver, or any money not of the established standard in weight and fineness;
- opium and dangerous drugs;
- essence of brandy or whisky or flavoring essences except as approved by the Minister;
- indecent or obscene prints, paintings, photographs, books, films, etc.;
- oil of gin or cognac, except as approved by the Minister;
- rum coloring solutions;
- spirits and wine, unless specifically imported with casks or other vessels of at least nine gallons content or in glass or stone bottles with each case containing not less than one gallon;
- fictitious stamps and instruments; and
- sugar, except under license.

Standards

There are many mandatory standards to which products must conform before they can be exported to Jamaica. Copies of these can be purchased from the Bureau of Standards. Jamaica generally follows U.S. standards in most cases. In recent years, the Bureau has become increasingly vigilant in terms of monitoring the quality of products sold on the local market. The quarantine division inspects and determines standards in the case of live animals. Meat imports may be inspected by the Ministry of Health. In 1995, an amendment to the Weights and Measures Act was passed which was aimed at enforcing compliance with the metric system of measurement. Imported goods should conform to the metric system.

Free Trade Zones/Warehouses

Under the Jamaican Free Zones Act, investors are allowed to operate solely with foreign exchange in certain activities such as warehousing and storing, manufacturing, redistribution, processing, refining, assembling, packaging, and service operations such as insurance, banking, information processing, and professional services.

Incentives offered include a 100 percent tax holiday in perpetuity, no import licensing requirements, and exemption from customs duties on capital goods, raw materials, construction materials, and office equipment. Free zone companies are allowed to sell about 15 percent of their annual production in the local market. However, they are

required to send their request through the Free Zone Administration for approval.

Jamaica has three active industrial park/free trade zones: the Kingston Export Free Zone, the Montego Bay Export Free Zone and Garmex. These free zones are government-owned and -managed.

Kingston Free Zone has a total of 784,464 sq. ft. of factory space. Factory space is made available in modules of 6,000 sq. ft. including services (security, external lighting, maintenance of common areas, and garbage collection and disposal). As of 1998, there are 18 companies operating: nine garment manufacturing, three warehousing/distribution, one electronic assembly, one ethanol processing, one animal feed blending, one container and chassis repair, one lampshade and base manufacturer and one candy manufacturer.

Up to 1998, Montego Bay Free Zone had a total of 397,000 sq. ft. of office and factory space. Factory space is rented to investors in varying sizes but an average-sized unit is 24,000 sq. ft. As of 1998, factories operating in the zone included: nine garment manufacturing, one electronic assembly, five data entry, three telemarketing, one telecommunications, and one horticulture. During 1998, there was considerable expansion of the Montego Bay Free Zone to meet additional demand particularly from companies in information technology and other service industries.

Garmex Free Zone has a total building area of 520,087 sq. ft. Total space available for rent is 333,800 sq. ft. The average size of the factory ranges from 8,000 - 42,000 sq. ft. There are three garment companies currently operating in the free zone.

The government may also accord Free Zone status to a company not located in any of the existing Free Zones. Hence, individual companies satisfying certain criteria are able to apply either to the Kingston Free Zone or the Montego Bay Free Zone for single-entity free zone status.

Special Import Provisions

Samples of commercial value brought into the country are dutiable at normal rates. However, the importer is entitled to reimbursement when taking the sample back or out of the country. This is effected on completion of a Revenue Deposit Receipt (RDR form) at customs at the point of entry.

Membership in Free Trade Arrangements

Preferential Tariff Arrangements: Jamaica has preferential tariff arrangements with the U.S. under the Caribbean Basin Initiative (CBI), with the countries of the European Union under the Lome Convention, with Canada under CARIBCAN, and with other English-speaking Caribbean states under CARICOM.

CBI provides indefinite customs duty-free entry to the United States to qualifying products of Jamaican origin (except textiles, footwear, handbags, luggage, work gloves, leather apparel, tuna fish, petroleum and petroleum products, and watches and watch parts from countries which do not enjoy Most Favored Nation status). An amendment was made to CBI provisions in 1990 (CBI II) allowing duty reduction on certain leather-related products, including handbags, luggage, flat goods, work gloves, and wearing apparel. To meet CBI eligibility standards, products must contain 35 percent value added in Jamaica, of which U.S. materials must comprise 15 percent of the value of the finished product. Articles assembled in Jamaica from 100 percent U.S. components are also given duty-free treatment (with certain exceptions including textiles/apparel for which the U.S. duty is levied only on the value-added in Jamaica).

Because Jamaica has signed a Tax Information Exchange Agreement (TIEA) with the United States, U.S. taxpayers are allowed to deduct legitimate business expenses incurred in attending business meetings and conventions in Jamaica.

Goods of Jamaican origin or those partially produced from extra-regional materials and sufficiently transformed in Jamaica can enter CARICOM markets duty-free. Efforts are being made to boost trade within the region through integration and regional cooperation. The first step was taken in February 1991 when the Common External Tariff was implemented. This was followed by cross-trading of securities among Jamaica, Trinidad and Tobago, and Barbados which started in April 1991. Integration efforts by the CARICOM community include liberalizing travel within the region, movement of skilled persons, common currency, enlarging investment, and coordination for international negotiations.

Jamaica also exports certain items duty-free to Canada under CARIBCAN. Eligible items must meet a national-origin standard of 60 percent of the factory price originating in Jamaica, Commonwealth Caribbean countries, or Canada. Textiles, garments, lubricating oils, clothing, footwear, luggage, handbags, and leather garments are excluded from CARIBCAN. Processed and fresh vegetables have provided most of the trade under CARIBCAN. Alumina, representing

approximately 80 percent of all exports to Canada, was already admitted duty-free prior to the establishment of CARIBCAN.

Jamaican exports also benefit from either zero or reduced-duty treatment of several products sent to the European Union under the Lome Convention. The system is not a simple one, as there are special arrangements for certain agricultural products, and the required value-added component varies depending on the type of product. The unification of the single European Market has caused some concern in Jamaica, particularly regarding banana exports. In addition, in 1997, as a result of a challenge by several countries, including the U.S., the WTO ruled that certain aspects of the Lome Convention affecting bananas are inconsistent with WTO standards and must be addressed. Consultations on these issues are still underway, and efforts are being made by private-sector and government representatives to ensure the future of the banana trade.

CHAPTER VII: INVESTMENT CLIMATE

Openness to Foreign Investment

The government of Jamaica welcomes foreign investment. There are no policies or regulations reserving areas exclusively to Jamaicans. The GOJ has begun privatizing assets acquired over the last two years by the Financial Sector Adjustment Company (FINSAC), a government entity that took over insolvent banks and insurance companies and their assets. While foreigners are not excluded from participation in privatization/divestment activities, the government appears to favor sale of these assets to national investors.

Each investment proposal is assessed on its own merit. However, investments in areas which may increase productive output, use domestic raw materials, earn or save foreign exchange, develop linkage industries, generate employment, or introduce new technology are greatly favored. Investment in new ventures has been modest over the last three years despite the Government's continued commitment to open the economy, increase reliance on the private sector, divest most of the government-owned enterprises and offer an attractive package of incentives.

In communications, Cable and Wireless of Jamaica Limited (formerly Telecommunications of Jamaica (TOJ)), a subsidiary of the British firm Cable and Wireless, enjoys monopoly rights on telephone and related services. In compliance with WTO obligations, the system is being gradually demonopolized. With respect to cable television, licenses are granted to companies that are incorporated in Jamaica and in which a majority ownership and controlling interest are held

by Jamaica/CARICOM nationals. Post is not aware of any economic or industrial strategy that has discriminatory effects on foreign-owned investments.

There are no screening mechanisms for investments. However, environmental impact assessments are required for new developments. All foreign investors are treated the same as domestic investors before and after the investment. Businesses operating in Jamaica, both local and foreign, are required to adhere to a regulatory framework to promote better quality goods, practices and processes.

Other than controls on restraint of trade (e.g., anti-monopoly), there are no barriers to foreign investment with regard to acquisitions and mergers. Where negotiations, mergers and takeovers are concerned, the Companies Act and rules of the Jamaica Stock Exchange (JSE) (if the entity is listed) would apply. The Securities (Amendment) Act, 1996, came into force in April 1996. These amendments remedied several weaknesses in the Act and streamlined it so that it would be more consistent with the operations of other security commissions worldwide. The amendments address the licensing of dealers and investment advisers and registration of their representatives under the Act. Further details can be obtained from the JSE's web site: www.jamstockex.com.

The takeover code was designed to ensure that the integrity of the market is protected while protecting minority shareholders. Currently, the JSE's clearance and settlement procedures do not conform to international standards. However, it should be noted that a Central Securities Depository was established in June 1998. Automated trading is scheduled to begin late in the third quarter of 1999. In mid-1997, the JSE established a formal relationship with the Committee of Uniformed Securities Identification (CUSIP) Services Bureau in order to acquire assigned International Securities Identification Numbers for Jamaican securities.

Under the Jamaica Companies Act, investors are generally required either to establish a local company, or to register a branch office of a foreign-owned enterprise. Branches of companies incorporated abroad must register with the Registrar of Companies within a month of their establishment in Jamaica. For those seeking incentive benefits, applications must be made to JAMPRO, the main Jamaican government agency responsible for promoting and processing investment proposals.

Conversion and Transfer Policies

In July 1992, the Exchange Control Act of 1954, which regulated foreign exchange, was repealed. Consequently, there are no restrictions on holding funds or hard currency or transferring funds associated with an investment. However, dealings such as the buying and selling of foreign currency must be done only through an authorized dealer (bank or cambio). While foreign exchange is freely available under the liberalized regime, there is generally a waiting period of one to two weeks, depending upon the sum, due to excess demand. An increase in the country's net international reserves (NIR) and periodic intervention by the Bank of Jamaica to maintain the exchange rate have reduced the waiting period greatly since May 1996. Some recently surveyed U.S. companies indicated that cambios can facilitate access to foreign exchange, sometimes reducing the waiting period to within a week. During the winter tourist season (December to April) the inflow of foreign exchange (and hence its availability) is generally greater than during the rest of the year.

There is no limitation on the inflow or outflow of funds for any transaction, including remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported inputs.

Expropriation and Compensation

Property rights are protected under Section 18 of the Jamaican Constitution, which allows no expropriation except for public purpose. The law also states that the purpose of any expropriation must be transparent and requires that principles be established regarding compensation for any expropriated property. Where informal negotiation fails, the investor has recourse to the courts to establish his right to the property and to determine the amount of compensation. The Embassy is not aware of any litigation between the Government of Jamaica and a private individual or company based on expropriation or on compensation for expropriation.

Dispute Settlement

The Embassy is not aware of any major investment dispute handled by the government since 1990. Disputes between enterprises are generally dealt with in local courts. Arbitration of investment disputes between Jamaica and nonresident investors may be referred to the International Center for Settlement of Investment Disputes, of which Jamaica is a member. Awards by the International Center are enforceable in the courts of Jamaica.

Performance Requirements/Incentives

There are no specific performance requirements imposed as a condition for investing in Jamaica. However, investments which attract hard currency and expand employment opportunities are favorably considered when incentives are granted. The Government of Jamaica offers a wide variety of fiscal and non-fiscal incentives in order to attract investments which may develop industry, save/earn foreign exchange, and provide employment. The principal fiscal incentive laws are:

(a) The Export Industry Encouragement Act (EIEA): An approved company that manufactures products exclusively for export to countries other than CARICOM members is entitled to benefits which include exemption from income and dividend taxes for up to ten years, and exemption from import duties on raw material and machinery during the incentive period. Since 1990, service industries have also been included for incentives. In April 1996, the EIEA was amended to allow participation by establishments which do not export 100 percent of their output. However, in accordance with the WTO Agreement on Subsidies and Countervailing Measures (SCM), the incentives offered under the EIEA will be phased out before 2003.

(b) The Hotel Incentives Act (HIA): The owner, tenant, or operator of an approved hotel enterprise is entitled to income and dividend tax relief for up to 10 years. The owner may also receive an exemption from import duties for constructing or expanding hotels. To be eligible for benefits, hotels must have at least 10 rooms as well as facilities for other activities. Income tax relief is granted for 15 years to hotels which meet certain qualifications. Among them, they must have 10 to 350 bedrooms, facilities for holding conferences, be operated by a qualified general manager and maintain adequate security.

(c) The Resort Cottages Incentives Act (RCIA): This Act allows for income and dividend tax relief and duty-free importation of articles required to construct and equip resort cottages for a period of up to seven years.

(d) The Motion Picture Industry Encouragement Law: An approved motion picture producer benefits from duty relief on imported goods and equipment for use in motion picture production and income tax exemption from the date of the first release or exhibition of each motion picture produced in Jamaica for a period of nine years. The incentives are granted for six-month intervals and are renewable. In addition, a producer is granted an investment tax deduction of 70

percent of the capital expenditure incurred in acquiring facilities either in the year in which the cost is incurred or in any subsequent year at the option of the producer.

(e) Approved farmer status under the Income Tax Act: Any certified person or company engaged in growing food or seed crops, trees for timber, tobacco, horticulture, fish farming, and animal husbandry is eligible for income tax relief for up to 10 years (renewable). Approved farmers are granted a reduced duty rate of 20 percent on farm vehicles, and concessionary duty rates on tractors.

(f) The Factory Construction Law: Companies which construct factories and lease them to approved manufacturers operating under the EIEA may be provided relief from import duties (for items that are not locally available) and from income tax on income from factory leasing or gains made on sales.

(g) The International Finance Company Act: To be eligible for benefits under the Act, the finance company must be a corporate entity conducting business solely with foreigners. There is an exception with relation to domestic (Jamaican) operations, however, in such instances, at least 95 percent of loan capital must be held by nonresidents. Profits of an approved corporate body are taxed at a rate of only 2.5 percent.

(h) The Shipping Incentives Act: Under this Act, approved shipping corporations are granted import duty and income tax concessions for a period of ten years.

(i) The Foreign Sales Corporation Act: This Act provides exemption from income tax for 5 years for qualified income arising from foreign trade transactions. This Jamaican incentive is reinforced by U.S. law through the Tax Information Exchange Agreement (TIEA). American companies seeking to protect some of their export income from U.S. taxes may consider forming a Foreign Sales Corporation (FSC) outside the U.S. customs zone.

(j) The Industry Modernization Program: This program was instituted to assist manufacturing firms in adopting productivity-oriented techniques. It provides exemptions from general consumption duty on capital goods acquired for the modernization program.

(k) Moratorium on Duties: The Minister of Finance may award a moratorium on import duties on capital items for up to three years to companies which do not qualify under existing incentives legislation and have the potential to contribute significantly to foreign exchange earnings.

(l) Urban Renewal Act: The Act is targeted at persons or organizations who carry out urban development in depressed areas. Relief from income tax, stamp duty and transfer tax is provided for persons who purchase bonds issued for the purpose of urban development.

(m) Accelerated Depreciation/Special Capital Allowance: A certified business is allowed to deduct 50 percent of the full cost of any new machinery in the year of purchase and a further 50 percent in the following year.

(n) Non fiscal Incentives: Several organizations have been established in Jamaica to assist in the process of industrial development. The National Development Bank (NDB), the Agricultural Credit Bank (ACB), and the National Export-Import Bank provide different types of concessionary financing to investment projects. Investment projects engaged in exports are greatly favored in terms of loan financing. As of May 1, 1998, the national EXIM Bank reduced the interest rate on loans for trade financing activities from as high as 20 percent to 12 percent. Other loans provided by the EXIM facility will carry interest rates between 18 to 25 percent.

In addition, interest rates at the Development Banks (ACB and NDB) are linked to the weighted average passbook savings rate (ranging between 7 - 15 percent), which provides lower lending rates to the productive sectors (12 percent) compared to consumer loans (currently averaging about 38.5 percent). The private sector has not been making full use of the changes in development bank incentives due to the uncertain business climate. The Government established a debt restructuring program through the National Investment Bank of Jamaica (NIBJ) to provide financing of up to 50 percent of the debt to be restructured, up to a maximum of JDOLS 50 million (USD 1.36 million per company, providing that majority ownership of the company remains as is) as a measure to assist the ailing companies. The rate is based on NIBJ's costs and is variable subject to an annual review. However, there are certain qualifying criteria for companies applying for such assistance.

Right to Private Ownership and Establishment

Both foreign and domestic private entities have the right to establish and own business enterprises and to engage in all forms of remunerative activity. Private entities are free to establish, acquire and dispose of interest in business enterprises. All companies are required to register with the Registrar of Companies.

Public and private enterprises have equal access to markets, credit, and other business operations, such as licenses and supplies. However, according to recent legislation on the operation of cable television, licenses are granted to companies incorporated in Jamaica and in which Jamaican or CARICOM nationals are majority owners or hold the controlling interest.

Protection of Property Rights

The constitution guarantees property rights and national laws exist to protect and facilitate the acquisition and disposition of all types of property, including intellectual property. Jamaica is a member of the World Intellectual Property Organization (WIPO) and is a member of the international Bern Convention (literary and artistic works). Jamaica and the United States have both an Intellectual Property Rights Agreement and a Bilateral Investment Treaty which provide assurances to protect property.

As a signatory to the WTO Trade Related Aspects of Intellectual Property ("TRIPs") Agreement Jamaica is taking steps to update its laws in conformity with international obligations. However, intellectual property rights protection already exists in large degree in most areas of patents, trademarks and copyrights. A variety of remedies are available in protection of intellectual property.

Patents: A draft bill is being prepared for presentation to the legislative committee of parliament. The new, modernized patent legislation will conform with international standards. Even under existing laws, patents are available for all areas of technology (product and process) for an initial 14 year period which can be extended for seven years. However, the patent application process is generally prolonged: it can take years for a patent to be issued.

Copyrights: The existing Copyright Act came into force September 1, 1993. The Act adheres to the widely accepted principles of the Bern Convention, and covers a wide range of works, including books, music, broadcasts, computer programs, and databases. In June 1999, further amendments were approved by parliament to update the law. The Bill amending the Copyright Act seeks to make explicit the provision of copyright protection on compilation of works such as databases and to make it an offense for a person to manufacture or trade in decoders of encrypted transmissions. It also gives persons having rights in encrypted transmissions or in broadcasting or cable program services a right of action against persons who infringe on those rights.

Trademarks: A new revised trademark law was passed by the Jamaican parliament in June 1999. The Trade Marks Act outlines the regulations governing the administration of the trade mark system and puts Jamaica in a position to meet internationally accepted standards for the protection of trade marks. It provides the owner of a registered trade mark with a property right thereby giving him the exclusive right to exploit the mark in the course of trade. The mark may be registered in relation to goods and services and provision is made for the registration of both collective marks and certification marks. The bill provides for the protection of a registered trade mark for a period of 10 years which can be renewable for another 10 years.

Layout Design: The Layout Designs Act was also passed by Parliament in June 1999. The Act provides protection for layout-designs embodied in integrated circuits and gives the owner of those rights the exclusive right to reproduce the layout-design, to import, sell or otherwise commercially exploit it and to authorize other persons to do so. That right is also in place for 10 years and may be transferred by the owner by assignment, by will or by legal methods. It also sets out means of legal redress for violations of the right.

Transparency of the Regulatory System

In order to foster competition, Jamaica's parliament passed the Fair Competition Act in September 1993. It deals with consumer protection, misleading advertisements, price-fixing, collusion, unfair trading practices, and interlocking directorships.

There are tax, labor, health and safety, and other laws and policies to avoid distortions or impediments to the efficient mobilization and allocation of investment. The government recently passed anti-dumping legislation.

The government has established the Office of Utilities Regulations (OUR) to act as an independent regulator of the country's telecommunications, electricity, transport and water utilities. By placing the approval of rate increases and the issuing of licenses to operators under the control of an independent body rather than a minister, the government is meeting its obligations under the WTO.

Bureaucracy has been identified as a major disincentive to investment. The approval process involves 45 ministries and agencies and includes 30 approvals for most pre- and post-investment projects. However, after reviewing the results of a Coopers and Lybrand report on the investment process, the government has

committed itself to cutting the approval time in half. The investment approval process can take from 18 months for large mining and greenfield projects in tourism to three months for Free Zone projects. There have been discussions of assigning investment facilitators in each ministry/agency involved in the investment process.

Efficient capital markets and portfolio investment

Foreigners are allowed to borrow credit freely on the local market from a variety of credit instruments at market terms. The regulatory and accounting systems are consistent with international norms.

The government is currently in the process of restructuring the financial sector. In 1997, the GOJ set up a temporary agency, the Financial Sector Adjustment Company (FINSAC), to address issues concerning the liquidity and solvency of banking and insurance institutions. FINSAC has begun to sell the assets of the banks taken over and is also in the process of merging some of the banks it has acquired to form a new entity called Union Bank. As of March 1999 about 7 percent of the total asset base of the new bank is estimated as non-performing. Total assets of the country's largest banks are as follows:

National Commercial Bank	Jdols 74.1 billion
Bank of Nova Scotia	Jdols 61.9 billion
Citizens Bank	Jdols 17.3 billion
Workers Bank	Jdols 12.0 billion
Canadian Imperial Bank of Commerce	Jdols 11.5 billion

Political and Other Violence

There have been no recent incidents involving politically-motivated damage to projects and/or installations. Damage to foreign investment would likely be the result of crime and not the result of politically motivated activities (i.e., not directed against foreigners). However, it should be noted that Jamaica experienced three days of island-wide rioting in April 1999 when the government substantially raised taxes on petroleum products. During the disturbances, some business places were vandalized and many more found it necessary to shut down. The government moved promptly to quell the rioting and substantially rolled back the controversial tax increase.

Violent crime is a serious problem in Jamaica, particularly in Kingston. Sporadic gang violence and shootings are concentrated in certain neighborhoods, but can occur in other areas. Major causes for crime are poverty, the shrinking economy/lack of employment opportunities and drug trafficking.

Corruption

Jamaica is a signatory of the OECD convention on combating bribery.

The government has proposed anti-corruption legislation under which public servants with multiple convictions for big ticket corruption can be sent to jail for as long as 10 years and fined as much as J\$10 million. The legislation would cover people working in central and local government and in statutory agencies and government companies who meet a salary threshold that has not yet been determined. Under the proposed bill, Jamaican individuals and companies will be liable under the Act if they bribe foreign public officials and can be prosecuted and tried for such acts as if the act had been committed in Jamaica. The bill also contains provisions for the extradition of Jamaican citizens for corruption.

Bilateral Investment Agreements

Jamaica has investment treaties with nine countries: the United States (Feb. 1994, which came into force in March 1997), Argentina (Feb. 1994), France (Jan. 1993), Italy (Sept. 1993), Germany (Sept. 1992), Netherlands (Apr. 1991), Switzerland (Dec. 1990), the United Kingdom (Jan. 1987), and China (1998), and is presently negotiating bilateral investment agreements with six other nations: South Korea, Cuba, Costa Rica, Belgium-Luxembourg, Russia and Canada.

OPIC and Other Investment Insurance Programs

OPIC has insured a variety of manufacturing, services, and hospitality industry projects in Jamaica. OPIC insurance of investment projects is subject to a USD 200 million cap. In 1998, OPIC provided a total of USD 76 million in insurance coverage for seven projects.

Labor

Jamaica's labor force in 1998 was estimated at 1,127,800. This represents a reduction in the total number for the third year in a row. Of this total, 15.5 percent were officially unemployed

(compared with 16.5 percent the previous year). According to official reports, the decline in the labor force is due, in part, to an aging labor force and the withdrawal of youth (those under 25 years old) from the work force in order to participate in training and vocational programs. Jamaica's unemployment remains heavily concentrated among women and among youth. While labor is generally available at a relatively low cost, there is a shortage of technically-skilled labor. Although the general education system (including vocational education) has improved local job placement in most sectors, top managers are almost exclusively educated overseas.

Jamaica has an active trade union movement with membership equal to an estimated 15-20 percent of the employed work force. The Government of Jamaica adheres to ILO conventions, which protect workers rights, and encourages the private sector to follow suit. In June 1996, the minimum wage for a 40-hour work week was increased from JDOLS 500 to JDOLS 800. The government recently announced the minimum wage will be increased to JDOLS 1,200 a week beginning in August 1999. In January 1997, the government raised the income tax threshold from JDOLS 50,544 (January 1996 level) to JDOLS 80,496. Effective January 1999, the threshold was raised again to JDOLS 100,464.

In 1998, the government again reduced inflation (from 9.2 percent in 1997) to an annual rate of 7.9 percent and, thus far in 1999, has successfully kept the rate within its target. Lower inflation combined with the loss of thousands of jobs since 1996 in several sectors is beginning to contain the level of negotiated wage increases.

The availability of low-cost, semi-skilled labor has tended to attract lower-technology firms. Proximity to the United States and an English-speaking labor force are perceived as advantages by investors.

While the size of Jamaica's labor force has remained fairly constant over several years, the overall stability of the numbers has disguised two divergent trends. Older, more skilled workers are retiring and being replaced by younger, less skilled workers. The nation's education system, geared in the British mold to produce a few well-trained university students each year (limited capacity of tertiary education), along with a brain drain, have caused major concerns for the future of Jamaican labor.

Each year at age 11, primary students take the island-wide examination for entry into preparatory high schools. Currently there is room to place approximately half of all primary students in these schools. The government instituted a new Grade Six Achievement

Test (GSAT) in 1999 in order to reform the secondary education system and increase the number that can be accommodated. The government has undertaken measures, in conjunction with World Bank assistance, to broaden the educational system through a new program (commonly called the "Rose Program"). There is also a new USAID-assisted project, titled "New Horizons", which aims to increase mathematics and literacy achievement in selected primary schools.

The thousands who graduate each year from "new secondary" (i.e., non-academic) schools are essentially unemployable. There is a major agency called the Heart Trust which (among others) has received praise for its results in providing technical training. However, as with planned improvements to the overall educational system, efforts to expand technical training have been hampered by resource constraints caused by economic contraction and debt. (Jamaica's per capita debt load remains among the highest in the hemisphere and absorbs more than 62 percent of the 1999/2000 fiscal budget. This has had a detrimental effect on many social programs, including education.)

The agricultural sector employs approximately 21.3 percent of the labor force with sugar, bananas and coffee comprising the major traditional exports. Despite strong resistance from organized labor, the increasing average age of sugar workers is sparking concerns that producers will be forced to mechanize harvesting operations over the next four to five years. Other agricultural workers (principally banana and citrus) are in many cases small farmers, as well as wage employees of agricultural concerns. Commonly, neither source of income constitutes a living wage by itself.

The work force of the bauxite industry (which accounts for most mining activity on the island) is among the best-trained and best-compensated in Jamaica. The industry has had an admirable health and safety record over the past several years. However, the competitiveness of Jamaica's bauxite/alumina industry has been eroded in recent years by countries whose industries are more modern and have greater economies of scale. Currently, through cost-cutting measures, efforts are being made to restructure the industry. In May 1998, an understanding was reached by government, the bauxite companies and the trade unions to create a mutually beneficial basis for developing the sector and enhancing its competitiveness.

Garment assembly/export, which once provided employment for thousands of workers, usually single, unskilled female heads of household, has declined drastically due to the closure of firms. Between 1994 and 1998, employment in the textile sector dwindled

from approximately 36,000 to approximately 20,000 jobs. The trend of company closures continued through 1997 and 1998/99, although the government has instituted a plan to provide some assistance to the sector.

The tourist industry, which encompasses large resorts, medium and small hotels, and private villas, offers workers access to foreign exchange wages in the form of tips. Competition for positions at the top establishments is fierce. A perception exists that the Jamaican hospitality worker is not trained to the same standard of customer service as his or her counterpart in many other resort locations around the Caribbean littoral. However, it should be noted that Jamaicans are among those temporary workers annually allowed to be employed by the hotel industry (and other occupations such as agriculture) in the United States.

Foreign Trade Zones/Free Ports

Under the Jamaican Free Zones Act, investors are allowed to operate solely with foreign exchange in certain activities such as warehousing and storing, manufacturing, redistribution, processing, refining, assembling, packaging, and service operations such as insurance, banking, and professional services. Incentives offered include a 100-percent tax holiday in perpetuity, no import licensing requirements, and exemption from customs duties on capital goods, raw materials, construction materials, and office equipment. Manufacturing companies operating in the free zone are allowed to sell 15 percent of their production on the local market through the Free Zone Administration.

In 1996, amendments were made to the Jamaica Export Free Zone Act to allow for the establishment of Single Entity Free Zones. The Kingston Free Zone is now actively developing a program of expansion and diversification which involves (a) the development of an Informatics Park in Portmore (southwest of Kingston) focusing on information technology; and (b) development and operation of a Commercial Free Zone in Kingston. Interested establishments should contact:

Ms. Andrea Phillips, Operations Manager, or Mrs. Karla Huie Client Service Manager, Kingston Free Zone, 27 Shannon Drive, Kingston 15, Tel: (876) 923-5274; Fax: (876) 923-6023.

Email: kfzclsvc@infochan.com

Web site: www.investjamaica.com/freezone

Capital Outflow Policy

The Exchange Control Act (amended in September 1991) places no restrictions on capital outflow. The present policy does not include particular measures designed to encourage outward investment by Jamaican residents. However, financial service agencies have opened branches/subsidiaries in the Caribbean region and some developed countries with large ethnic Jamaican populations with a view to earning foreign exchange. Financial institutions, insurance companies, etc., have to obtain prior approval from either the Bank of Jamaica or the Superintendent of Insurance before diversifying their investments overseas.

Foreign Direct Investment Statistics

INVESTMENT STATISTICS

According to JAMPRO (the Jamaica Promotions Corporation), new foreign direct investment for the period January 1996 - December 1998 amounted to about USD 72 million. Of the total foreign capital investments assisted by JAMPRO:

- 49.7 percent in agriculture;
- 20.5 percent in films;
- 8.1 percent in manufacturing;
- 7.0 percent was in the textiles and garment industry;
- 5.0 percent in tourism; and
- 4.5 percent in information processing.

The following table provides available data on the approximate value of major foreign investment by country of origin promoted by JAMPRO during the period CY 1996 - 1998:

COUNTRY	YEAR	CAPITAL INVESTMENT JDOLS MILLIONS
Australia	1997	0.175
	1998	0.167
Austria	1996	3.465
	1997	0.033
Barbados	1997	0.540
Canada	1996	8.664
	1997	265.733
	1998	111.943
Cayman Island	1998	44.735

China	1997	7.575
Colombia	1998	193.578
France	1996	6.338
	1997	3.550
	1998	0.367
Germany	1996	13.099
	1997	2.748
	1998	1.005
Hong Kong	1996	56.875
	1997	2.748
	1998	75.240
Hungary	1996	0.468
Italy	1997	0.660
	1998	18.071
Japan	1996	0.834
	1997	4.728
	1998	3.631
Korea	1996	10.000
	1998	24.500
Mexico	1996	0.195
Netherlands	1996	0.117
Spain	1996	7.000
South Africa	1998	0.947
Trinidad	1996	3.900
U.K.	1996	18.172
	1997	2.990
	1998	36.975
U.S.	1996	199.629
	1997	390.329
	1998	1,099.353

(Note: Ex. Rate USD 1.00 = JDOLS 37.02 (1996)
JDOLS 35.58 (1997)
JDOLS 36.68 (1998)

There is no reliable source of information on FDI stock in Jamaica. Based on the estimates of investment promoted by JAMPRO, FDI inflows in 1998 amounted to 0.6 percent of GDP. However, it should be noted that JAMPRO's information does not capture all new investments.

Jamaica has a record of partnership with various foreign investors in the development of a wide range of productive industries. Among the major US investors (as provided by JAMPRO) are:

Accounting

Coopers & Lybrand
Deloitte, Touche, Tohmatsu Int'l
KPMG Peat, Marwick, Mitchell
Price Waterhouse

Advertising

Foote, Cone & Belding
International Advertising Services
Interpublic Group of Companies
McCann Erickson

Agribusiness and Beverages

Bobs Candies, Inc.
General Cigar and Tobacco Company
Nabisco Brands, Inc.
Pillsbury Company
Savoy Brands Int'l
Sequoia Orange
Taylor Cross Int'l

Banking & Finance

Citibank N.A.
Turan Corporation

Chemicals/Pharmaceuticals

Bristol Myers
Diversey-Wyandotte Corp.
Fabcon International
International Salt Co.
Liquid Carbonics
Mitco Water Labs Inc.
Sherwin-Williams Co.
Sterling Drug Int'l Ltd.
W. R. Grace and Co.

Computers and Data Processing

American Systematics Inc.
Apparamation Inc.
Apple Vacations
CSC Geographic Tech
IBM World Trade Corp.
International Computer Service
National Processing Corporation
Promotion Fulfillment Corp.
Xerox Corporation

Consumer Products

Bristol Myers Squibb Co.
F. W. Woolworth
Johnson & Johnson Int'l
Gillette Co.

Insurance

American Life Insurance Co.
CIGNA Worldwide Insurance
G.A.B. Business Services

Manufacturing and Assembly

3-M Inter America
Apparel Contractors Assoc. Inc.
Bike Athletic Co. Ltd.
CIA Inc.
Caddy Bag Co. Ltd.
Capital Mercury Shirt Corp.
Chantex Trading Co.
Chester House Tassle
Custom Marble Design
D.D. Bean & Sons Co.
Econ Industries Inc.
Gitano, Inc.
HH Cutler Co.
Hanover Manufacturing
Heavenly Intimate, Inc.
Hofman and Leavy Inc.
Jockey International, Inc.
Johnson & Johnson
Kohab America
Ledghill International
Lon Negrin and Sons
PBS Ltd.
Sara Lee
Singer Company
Sweitzer and Associates
Tultex, Inc.
Williamson-Dickie Mfg. Co.

Mining & Energy

*Aluminium Co. of America (ALCOA)
Enron
ESSO Caribbean & Central America
Jamaica Private Power
Kaiser Aluminium & Chemical Corp.
Liquid Carbonics Int'l
Texaco, Inc.
Tropicana Energy, Inc.
Wartsila

(*NOTE: Since 1988, the company has been owned in equal partnership with the government of Jamaica and is known as "JAMALCO".)

Telecommunications

AT&T International

Tourism and Hospitality Industry

Hertz International
Hilton Hotels
Holiday Inn
Kenny Rogers Roasters Chicken
Kentucky Fried Chicken
McDonald's
Pizza Hut
Popeye's Chicken
Ramada International
Renaissance International
Rollins Leasing Co.
Shakey's Pizza
Subway
TCBY Yogurt
Wendys
Wyndham Hotel & Resorts
Taco Bell

CHAPTER VIII. TRADE AND PROJECT FINANCING

The Banking System -----

The industry was downsized considerably during 1998/99 in response to the crises in the financial sector. Currently there are six commercial banks; fifteen merchant banks, finance and trust companies; six building societies (which handle most home mortgages); three development banks; 67 credit unions and twelve life insurance companies. Some of the insurance companies hold interests in major banks, frequently as part of a financial group. Collectively, the financial institutions account for about 12 percent of GDP. The private sector also has access to credit from the National Export/Import (Ex-Im) Bank, a subsidiary of the Bank of Jamaica. Foreign investors can utilize the loan facilities of banks

for investments in Jamaica on the same basis and terms as Jamaican investors.

In March 1999, total assets of the country's commercial banks were JDOLS 185.1 billion (about USD 4.75 billion); and of merchant banks, finance and trust companies JDOLS 11.72 billion (USD 300.5 million).

The introduction of liberalized policies in the 1980's led to rapid growth in the financial sector. This expansion was due mainly to arbitrage taking advantage of regulatory loopholes with respect to reserve requirements and withholding taxes. The cash reserve requirement for the merchant banks was 17 percent, compared with 25 percent for commercial banks. In addition, building societies were the only institutions able to pay gross interest as there were no withholding taxes on deposits. At the same time, financial institutions began to diversify from their core business, expanding into trading in foreign exchange and government securities and in real estate. The financial institutions invested in long-term, relatively illiquid, assets while holding the liabilities for the most part in short-term instruments. During the mid-1990's as inflation slowed, a correction of asset prices in the form of declining prices combined with a downturn in the economy, and bad management decisions resulted in the onset of the financial sector crisis in 1994.

Some of the main reasons cited for the serious sectoral problems were:

- "mismatch" of the maturities of assets and liabilities;
- too much diversification from core (financial) business;
- loan defaults, said to be as high as 20 percent;*
- high operating costs;*
- mismanagement of some of the interlocking financial conglomerates

(*Note: In some of the serious cases, large loans were made to company employees in a manner not in accordance with "arms length" requirements. In addition, commercial banks are legally required to keep 25 percent of assets in cash reserves which earn no interest, and almost as much in government securities. This limits the amount of funds that can be made available for banks to perform business and also, along with high treasury rates, makes commercial loans very expensive.)

The Government of Jamaica was obliged to respond in order to protect the savings of thousands of depositors, policy holders, pensioners and workers whose pension funds are invested and managed by insurance companies. The government acted to protect the savings of

over 2 million depositors and about 555,000 policy holders which were at risk.

In January 1997, realizing that a sector-wide disaster was brewing, the government established the Financial Sector Adjustment Company (FINSAC) to negotiate with various distressed conglomerates to bring the industry back to viability. (Until the end of 1997, Jamaica had no deposit insurance system and there were limitations on government oversight or intervention at intermediary supervisory levels. Legislation to correct this was enacted as part of the measures taken by the government to address the industry-wide failure.)

FINSAC

In order to address issues concerning the liquidity and solvency of banking and insurance institutions, and to strengthen the regulatory framework, the GOJ in 1997 set up a temporary agency, the Financial Sector Adjustment Company (FINSAC), which is expected to exist for seven years. FINSAC serves as the executive arm of the Minister of Finance and Planning to plan recovery and restructuring of the sector; it is also the coordinator of interventions of various agencies (specifically the Bank of Jamaica and the Superintendent of Insurance).

Among other objectives, FINSAC will address the weakness in financial management, strengthen the supervision of the sector with specific focus on conglomerates, and improve the efficiency of the sector in mobilizing and allocating financial resources in the economy.

As the provider of government financial assistance to the sector, FINSAC is accountable for resources provided to it directly or those which are guaranteed by the Government. It may mobilize and deploy external technical and managerial support for restructuring intervened institutions.

Where necessary, FINSAC assists institutions in developing plans to return them to viability. As previously stated, such plans form the basis of the conditions attached to financial assistance from FINSAC. Support will be provided to solvent companies based on rehabilitation plans which are to be implemented within a five-year period. Components of financial institutions which can be restored/restructured will be returned to private ownership within one year. Institutions which cannot be made viable will be liquidated or sold for merger with other institutions as soon as possible.

Financing of FINSAC is generally done in the form of guarantees by the government and through borrowing in the domestic market. Funds were raised through the sale of long-term registered stock, with the coupon rate tied to the rate on treasury bills. Assuming successful resolution of recover/restructuring problems, FINSAC expects to be fully repaid by the end of the fifth year.

In 1998, FINSAC continued its reorganization of the financial sector which has already cost approximately JDOLS 90 billion (about USD 2.3 billion). The real value of the assets acquired by FINSAC is now expected to be less than a quarter of the value at which they were acquired. In addition, FINSAC has an annual operational cost of about JDOLS 400 million. This has led to a tremendous burden on the taxpayers. For the current fiscal year ending March 2000, an estimated JDOLS 8 billion item for debt servicing for FINSAC appears on the GOJ budget and similar sums are anticipated in future budgets.

In order to reduce the fiscal burden, FINSAC is beginning to be more aggressive in its divestment phase. To date, FINSAC has garnered over JDOLS 2 billion from asset sales. The most recent sales by FINSAC include shares in Canadian Imperial Bank of Commerce; shares in the local cement company; portfolio from three bankrupt insurance companies - Jamaica Mutual Life, Dyoll Life and Crown Eagle; and hotels - Sandals Hotel (Ocho Rios), Holiday Inn Sunspree Resort, Plantation Inn, and Negril Garden. During FY 1999/20000, the GOJ is expecting to sell assets with a total value of USD 150 million to help meet the obligations of servicing the FINSAC debt. Other major development includes the merging of Citizens, Eagle, and Island Victoria commercial banks into a single entity called Union Bank.

New Legal Controls

Amendments to laws governing the financial sector came into effect in October 1997. Some of the provisions include:

- more efficient and effective powers for remedial action for the supervised authorities in respect to distressed institutions;
- reduced ability for institutions to lend to, or invest in, related entities;
- a more stringent computation of capital adequacy;
- a more precise definition of non-performing loans;
- more power for the supervisory authorities to prescribe accounting rules; and
- greater control by supervisory authorities over changes of ownership and a stricter definition of a "fit and proper person" for management, directors and owners of institutions.

The Deposit Insurance Act was passed on March 27, 1998, to establish a scheme for the protection of depositors through the Jamaica Deposit Insurance Corporation. This new institution will manage the scheme for insurance of deposits against risk of loss. It will be funded by contributions from insured banking institutions. In the event an insured institution becomes insolvent, payment of an insured deposit liability of a maximum of JDOLS 200,000 per account will be made.

Foreign Exchange Controls Affecting Trading

Residents and nonresidents of Jamaica can access foreign exchange through a network of authorized dealers. There are no foreign exchange controls.

General Financing Availability

There is no restriction on the free flow of financial resources to support product and input markets. However, over the last four years the government has used tight monetary measures to reduce the demand for foreign exchange through issues of treasury bills with high interest rates, thus reducing funds available to the private sector. With recent withdrawal of a proposed issue of GOJ sovereign debt from the international market, it is likely that the government may pressure the domestic market for additional funds to meet its fiscal obligations.

Credit is generally allocated on market terms with equal access to both local and foreign companies. Although commercial interest rates have dropped from as high as 59.95 percent (average) in June 1996 to about 39 percent (average) in June 1999, they are still high, considering an estimated annual average inflation of 4 percent (1999).

There is an effective regulatory system which governs the conduct of brokers and companies. The Securities Act was passed and implemented in 1993 and further amended in 1996 to legalize the overall regulation of securities. All companies are required to be registered in Jamaica.

How to Finance Exports/Methods of Payment

Payment is generally made in the form of letters of credit or bills for collection. Local banking commissions vary from 1.15 to 3.45 percent.

In the United States, various export financing programs are available under the Small Business Administration (SBA) and the EXIM Bank. The EXIM Bank supports only goods and services being exported from the United States. Under the Export Working Capital Program of the SBA, guarantees of up to 75 percent of an export working capital loan can be provided. The SBA and the U.S. Commercial Service offer a range of programs to respond to exporters' financing and information needs. For further information one may contact a U.S. Export Assistance Center (USEAC) or call 1-800-USA-TRADE.

Project Financing

There are three development banks in Jamaica:

- the government's Agricultural Credit Bank of Jamaica (ACB), which assists the agricultural sector;
- the government's National Development Bank (NDB) which works particularly with industries earning hard currency, such as the tourism and manufacturing sector; and
- Trafalgar Development Bank, Jamaica's first private sector development bank. TDB offers medium to long-term loans, lease financing and project development and technical services in the areas of agriculture, manufacturing, tourism and related industries.

Multilateral organizations working in Jamaica with potential funding for development projects include the E.U, the World Bank, the Organization of American States (OAS) through the Inter American Development Bank (IADB), and the United Nations Development Program (UNDP).

Banks with Correspondent U.S. Banking Arrangement

Citibank has a U.S. parent institution. Jamaica National Building Society (predominantly specializes in home mortgages) is the only other Jamaican financial institution with branches in the U.S. All Jamaican commercial banks have correspondent U.S. banking arrangements.

CHAPTER IX: BUSINESS TRAVEL

The normal working day for government offices and factories is 8:30 a.m. to 5:00 p.m. Monday through Thursday, and 8:30 a.m. to 4 p.m. on Fridays. Government offices are closed Saturday and Sunday. Almost all commercial businesses are open on Saturday, but few open on Sunday. Jamaica is on Eastern Standard Time (EST) year round and does not observe daylight saving time.

Holidays observed in Jamaica are the following:

New Year's Day.....	January 1
Ash Wednesday.....	Variable
Good Friday.....	Variable
Easter Monday.....	Variable
National Labor Day.....	May 25
Emancipation Day.....	August 1
Independence Day.....	August 6
National Heroes Day.....	October 19
Christmas Day.....	December 25
Boxing Day.....	December 26

U.S. citizens can enter the country with proof of citizenship (certified true copy or original birth certificate or passport) and a photo I.D. (e.g., valid driver's license). No visa is required.

The Jamaican dollar is the unit of currency and is composed of 100 cents. The Jamaican dollar is traded freely against major international currencies. It is currently valued at a weighted average of about one USD = JD 39.35. Jamaican dollars and foreign exchange can be traded through the commercial banking system and authorized foreign exchange dealers. There are no restrictions on repatriating profits.

Jamaicans are a little more formal than North Americans. On first meeting, a friendly "Good.....Morning/Afternoon /Evening", will bring more response and respect than a casual "Hi." Generally, Jamaican business acquaintances, after a courteous and friendly first greeting, will respond quickly to informality.

Jamaican cuisine is varied. Some of the most popular Jamaican dishes are: rice and peas (red); ackee (vegetable) and salt fish; patties (meat-filled pastries); jerk chicken; curried goat; and mackerel rundown. In addition, there are also many U.S. fast food outlets here, such as McDonald's, Burger King, Kentucky Fried Chicken, Kenny Roger's Roasters Chicken, Popeyes, Wendy's, Dominoes Pizza, Pizza Hut, Taco Bell, and Subway.

Those who wish to bring in items temporarily such as laptop computers, software, exhibit material, etc., are required to

identify the items at Customs, pay the required duty and General Consumption Tax (as security) and collect a refundable revenue deposit receipt. On exit from the country, the Customs authority refunds all the amount paid as security. In the case of importing machinery for just three to six months, the above procedure applies in addition to completed Customs Form C23.

Jamaica is an import-oriented economy and hence prices of most products in general are higher than in the United States. Mark up on most items except food is generally high. Mark up on food items varies between 10 percent (wholesale) and 25 percent (retail). However, due to growing competition and recession in the economy, the mark ups on products are inching downwards.

APPENDICES

APPENDIX A: COUNTRY DATA

APPENDIX B: DOMESTIC ECONOMY

APPENDIX C: TRADE

APPENDIX D: INVESTMENT STATISTICS

APPENDIX E: U.S. AND COUNTRY CONTACTS

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APPENDIX A: COUNTRY DATA

Population: 2.55 million

Population Growth Rate: (1992-96): 1.09 percent

Religions: Anglican, Baptist and other Protestant, Roman Catholic

Government System: Constitutional monarchy

Language: English

Work Week: Monday through Friday. Most commercial businesses are open on Saturday.

APPENDIX B: DOMESTIC ECONOMY

Data Sources: -- Statistical Institute of Jamaica (STATIN)
 -- Bank of Jamaica (BOJ)
 -- Planning Institute of Jamaica

	1997	1998 (est)	1999 (proj)
GDP (Current prices): (USD millions)	6,198.0	6,318.9	6,761.2
GDP Growth Rate	-2.1	-.07	0.0
GDP Per Capita: (USD)	2,440.0	2,468.0	2,611.0
FY Government Spending* (as percent of GDP)	51.0	52.0	58.8
Inflation (percent)	9.2	7.9	6.0
Unemployment (percent)	16.5	15.5	16.0
Foreign Exchange Reserves (USD millions)	540.0	579.4	n.a.
Average Exchange Rate for USD 1.00: JDOLS	35.58	36.68	40.0
Foreign Debt (USD billions)	3.28	3.31	3.40
Debt Service Ratio (actual)	16.1	19.9	n.a.
U.S. Economic/Military Assistance	FY 97	FY 98	FY 99
(USD million)	17.7	16.73	20.92

* FY 1997/98 (April/Mar), 1998/99, 1999/2000

APPENDIX C: TRADE

(USD Millions)

	1997	1998	1999
Total Country Exports	1,353	1,266	1,200
Total Country Imports	3,101	2,992	3,000
U.S. Exports	439	479	500
U.S. Imports	1,482	1,523	1,560

APPENDIX D: INVESTMENT STATISTICS

According to JAMPRO (the Jamaica Promotions Corporation), new foreign direct investment for the period January 1996 - December 1998 amounted to about USD 72 million. Of the total foreign capital investments assisted by JAMPRO:

- 49.8 percent in agriculture;
- 20.5 percent in films;
- 8.2 percent in manufacturing;
- 7.0 percent was in the textiles and garment industry;
- 5.0 percent in tourism; and
- 4.5 percent in information processing.

The following table provides available data on the approximate value of major foreign investment by country of origin promoted by JAMPRO during the period CY 1996 - 1998:

COUNTRY	YEAR	CAPITAL INVESTMENT JDOLS MILLIONS
Australia	1997	0.175
	1998	0.167
Austria	1996	3.465
	1997	0.033
Barbados	1997	0.540
Canada	1996	8.664
	1997	265.733
	1998	111.943
Cayman Island	1998	44.735
China	1997	7.575
Colombia	1998	193.578
France	1996	6.338
	1997	3.550
	1998	0.367
Germany	1996	13.099
	1997	2.748
	1998	1.005
Hong Kong	1996	56.875

	1997	2.748
	1998	75.240
Hungary	1996	0.468
Italy	1997	0.660
	1998	18.071
Japan	1996	0.834
	1997	4.728
	1998	3.631
Korea	1996	10.000
	1998	24.500
Mexico	1996	0.195
Netherlands	1996	0.117
Spain	1996	7.000
South Africa	1998	0.947
Trinidad	1996	3.900
U.K.	1996	18.172
	1997	2.990
	1998	36.975
U.S.	1996	199.629
	1997	390.329
	1998	1,099.353

(Note: Ex. Rate USD 1.00 = JDOLS 37.02 (1996)
JDOLS 35.58 (1997)
JDOLS 36.68 (1998)

APPENDIX E: U.S. AND COUNTRY CONTACTS

U.S. Embassy Trade Personnel

Larry Farris, Regional FCS Office
U.S. & Foreign Commercial Service
American Embassy
Santo Domingo, Dominican Republic
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U.S. & Foreign Commercial Service
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Jamaica Mutual Life Center
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Kevin Smith
Regional Agricultural Attache
Foreign Agricultural Service
United States Department of Agriculture
American Embassy
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Robert Windsor
Counselor for Economic and Political Affairs
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Chambers of Commerce

American Chamber of Commerce of Jamaica

Dr. Ofe Dudley, Executive Director

Mrs. Becky Stockhausen, Manager

77 Knutsford Boulevard

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Jamaica Chamber of Commerce

Mr. Howard Hamilton

President

7E Parade

Kingston

TEL: (876) 922-0150/1; FAX: (876) 924-9056

Jamaican Trade or Industry Associations

Jamaica Exporters Association

13 Dominica Drive

Kingston 5

TEL: (876) 929-1292; 926-0586 or 926-7158

Jamaica Hotel & Tourist Association

2 Ardenne Rd

Kingston 10

TEL: (876) 926-3635/6 or 926-2796

Jamaica Manufacturers Association Ltd.

85a Duke St.

Kingston

TEL: (876) 922-8880/8881/0787/2365

Private Sector Organization of Jamaica (PSOJ)

39 Hope Road

Kingston 10

TEL: (876) 927-6238/6958/6957/6786

Jamaica Promotions Corporation (JAMPRO)

35 Trafalgar Rd.

Kingston 10, Jamaica (W.I.)

TEL: (876) 929-7190/9; FAX: (876) 924-9650

Government of Jamaica Ministries

Governor-General

Right Honorable Sir Howard Cooke

King's House

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Deputy Prime Minister

and Minister of Foreign Affairs and Foreign Trade

Honorable Seymour Mullings

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TEL: (876) 926-4220/8; FAX: (876) 929-6733

Minister of Agriculture

Honorable Roger Clarke

Hope Gardens

Kingston 6

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Minister of Commerce and Technology

Honorable Philip Paulwell

36 Trafalgar Rd.

Kingston 10

TEL: (876) 929-8990*; FAX: (876) 929-8196*

(*currently the same as Ministry of Industry)

Minister of Education, Youth and Culture

Honorable Burchell Whiteman

2 National Heroes Circle

Kingston 4

TEL: (876) 922-1400/9; FAX: (876) 926-1837

Minister of Environment and Housing

Honorable Easton Douglas

2 Hagley Park Road

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Honorable Dr. Omar Davies
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Honorable Portia Simpson-Miller
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Minister of Legal Affairs and Attorney General
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Honorable Robert Pickersgill
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Honorable Arnold Bertram
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Honorable Peter Phillips
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* * * * *

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The Office of the Registrar of Companies
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Market Research Firms

Market Research Services Ltd.
75 Knutsford Blvd.
Kingston 5
TEL: (876) 929-6311

CARICOM Consultants (Ja) Ltd.
28 Derrymore Road
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TEL: (876) 926-2731; FAX (876) 968-5895

Fidelity Economic Financial and Marketing Services Ltd.
15 Belmont Road
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J.A. Young Research Ltd.
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TEL: (876) 926-7437; FAX: (876) 9268529

Peter King Associates Ltd.
11 A Waterloo Road
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TEL: (876) 926-8257

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Chief Executive Officer
Union Bank Holding Company Limited
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Mrs. Melanie Tapper

General Manager
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Miss Renee-Ann Shirley
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Mr. Jeffrey Cobham
Managing Director
National Commercial Bank Jamaica Limited
The Atrium
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Kingston 10
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For divestment of public enterprises:

National Investment Bank of Jamaica (NIBJ)
11 Oxford Road
Kingston 5
TEL: (876) 960-9690; FAX: (876) 920-0907

Multilateral Development Banks

The World Bank
6 St. Lucia Ave.
Kingston 5
TEL: (876) 960-0459; FAX: (876) 960-0463

Inter-American Development Bank (IADB)
Country Representative: Mr. Robert Bellefeuille
40 Knutsford Blvd.
Kingston 5
TEL: (876) 926-2342; FAX: (876) 926-2898

Washington-Based USG Country Contacts

U.S. Department of Commerce
International Trade Administration
Jamaica Desk: Mark Siegelman
Washington, D.C. 20230
Telephone: (202) 482-0704

Note: To request information on regional business topics (e.g. NAFTA, CBI, etc.) by fax, phone AMERIFAX: (202) 482-2527
or for global topics TPCC Trade Information Center
phone: 1-800-USA-TRADE

U.S. Department of State
Jamaica Desk - Kathleen Lang
ARA/CAR, Room 3248 Main State.
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U.S. Agency for International Development (USAID)
Jamaica Desk
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The Multilateral Development Bank Office
Director: Janet Thomas
14th St. and Constitution Ave., N.W.
Washington, D.C. 20230
TEL: (202) 482-3399; FAX: (202) 273-0927

U.S. Department of Agriculture
Foreign Agricultural Service
Trade Assistance and Promotion Office
USDA/FAS/AGX AGSTOP 1052
Washington, D.C. 20250-1052
TEL: (202) 720-7420; FAX: (202) 690-0193

APPENDIX F: MARKET RESEARCH

Industry Subsector Analyses (ISAs) will be completed on the following categories in FY00:

- Paper/Paperboard (PAP)
- Footwear (FOT)

A complete list of market research is available on the NTDB.

APPENDIX G: TRADE EVENT SCHEDULE

June 17-19, 1999	EXPO USA 1999 Santo Domingo DOMINICAN REPUBLIC
October 20-23, 1999	CARIBEXPO Port-of-Spain TRINIDAD